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WORLD NEWS

Six die as gales hit Britain

Six people died as stormy weather swept Britain yesterday, with hurricane force winds gusting at up to 105 mph in places. Weathermen said it was the worst weather this winter and warned that more storms were expected during the weekend.

Thousands were without electricity in Scotland and Northern Ireland after power lines collapsed and heavy flooding made hundreds homeless. Eight French fishermen were winched to safety from their grounded vessel in the Irish Sea and a power station cooling tower near Warrington was blown down.

Wilson attacks Benn

Former Labour prime minister Lord Wilson accused Tony Benn of having some "very evil people" among his supporters, an attack which may affect Benn's chances of selection as Labour candidate for the Chesterfield by-election.

Pit winders break away

Pit winders' delegates from across the country meet today to attempt to form a union independent of the National Union of Mineworkers. Page 4

Greenpeace injunction

British Nuclear Fuels was granted a permanent High Court injunction banning environmental group Greenpeace from interfering with a nuclear waste pipe. Page 3

Lorries reach Paris

The British lorries hijacked by French farmers reached Paris under police escort and most of their cargo of lamb was passed as fit for sale. Warning of unrest, Page 2

Party funds questioned

Boards of directors should consider stopping contributions to political parties and pay the money in higher dividends to allow shareholders to decide, Sir Adrian Cadbury said. Page 3

Druze talks in Moscow

Lebanese Druze leader Walid Jumblatt met Soviet Communist Party officials in Moscow for talks on the Middle East. Rumsfeld meets Syrian president, Page 2

Ambassadors recalled

Honduras and Nicaragua recalled their ambassadors, further straining relations between them after the downing of a U.S. helicopter near their border.

Sunday People editor

The new editor of the Sunday People newspaper is to be Richard Stott, 40, at present assistant editor of the Daily Mirror.

New Cross vigil

Worried investors jammed telephone switchboards and kept vigil in the rain outside the closed offices of the New Cross Building Society. Auditors reject criticism, Page 4

Chess boycott ends

Two Soviet chess Grandmasters and Grandmaster Viktor Korchnoi were among the players who opened a Dutch tournament, ending a Soviet boycott of chess events involving Korchnoi since his defection in 1976.

BUSINESS SUMMARY

Tele-Jector 'may be liquidated'

LONDON & Liverpool Trust said yesterday it was discussing a financial restructuring with its merchant bank adviser, Hill Samuel, and hoped to liquidate its Tele-Jector division.

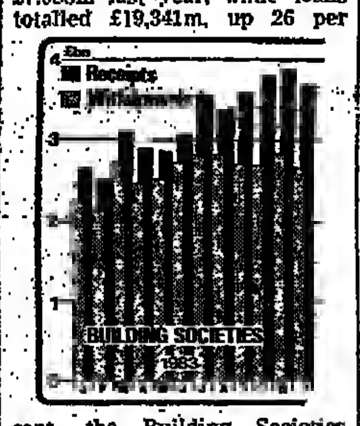
Tele-Jector, which has 2,000 big-screen television sets in pub and clubs, is in severe financial difficulties and the group faces debts of about £18m, London and Liverpool warned. Back Page

WEST GERMANY'S gross national product grew in 1983 by 1.2 per cent in real terms, after two successive years of contraction. Page 2

NISSAN'S projected British car assembly plant may never be built, some Ministers fear, despite a series of optimistic statements from the company. Back Page

ITALY'S Government took the first steps towards its long-awaited incomes policy, the main element of its political and economic strategy, by presenting proposals to unions and employers. Page 2

BUILDING Societies' receipts rose by about £600m to a record £7,088m last year, while loans totalled £19,341m, up 26 per cent, the Building Societies Association said. Net inflows in December reached £888m, a record for the month. New Cross auditors reject criticism, Page 4



LONDON International Financial Futures Exchange trading volume broke through the 10,000-contract level for the first time yesterday. A total 11,938 contracts were traded, compared with the previous high of 9,915.

LUCAS Industries' joint managing director Jeffrey Wilkinson resigned, saying he was leaving the automotive and aerospace group to develop his other interests.

BUSINESS and commercial leaders appear split over the Government's plans to limit local authority rate rises. Page 3

INTEL, California-based semiconductor company, raised fourth quarter net income to $47.1m (£33.5m) from $8m, taking the full year figure to $116.1m from $30m. Page 23

AUSTRALIAN Guarantee, the country's largest finance company, announced the floating of A$700m (£452.5m) worth of debentures and unsecured notes — the largest amount ever sought by an Australian company in a single issue. Page 23

THORN EMI, television, video recorder, electrical and lighting group, more than doubled its pre-tax profits to £55.8m from £27.6m in the six months to September 30. Page 18; Lex, Back Page

Hanson Trust raises London Brick offer to £212m

BY RAY MAUGHAM

HANSON TRUST, the industrial holding company, raised its contested offer for London Brick yesterday by 25 per cent, to £212m. But London Brick was quick to suggest it would resist the new offer.

The terms go up from 120p cash for each London Brick share to 145p cash or 150p nominal of a new Hanson 7 per cent convertible unsecured loan stock 2004-09 per London Brick share.

The share price of London Brick, the monopoly supplier of common bricks in the UK, has been consistently above Hanson's first offer, and closed last night at 138p, up 5p, an hour before Hanson Trust unveiled its revised bid.

London Brick has campaigned strongly to get the deal before the Monopolies Commission, on the argument that its recently established position in the specialist facing-brick market would conflict with the stake Hanson Trust commands in this section of the industry through its Butterley Building Materials subsidiary.

But the market has generally taken the view that a reference is unlikely particularly since the Commission completed a review of the brick industry last August after London Brick bid for Ibstock Johnsen.

The Commission cleared the bid, though London Brick decided not to pursue its takeover ambitions.

The original offer had another week to run before reaching its first closing date, and Mr Norman Tebbit, the Trade and Industry Secretary, was expected to determine either next Wednesday or Thursday whether Hanson's offer should be referred to the Monopolies Commission, as London Brick has urged.

But Hanson, headed by Lord Hanson, has responded quickly to London Brick's defence document published on Wednesday. He "congratulated" London Brick on its estimate of a 70 per cent increase in pre-tax profits to £26m in 1983, and said that his group "feels able to respond with a new and increased offer."

Hanson Trust recently disclosed that its cash balances totalled £400m.

The make-up of the revised bid also takes account of London Brick's "concern" about the capital gains tax implications of the first, cash only offer.

In addition, Hanson Trust calculates that the new loan stock offers an income increase of more than 100 per cent against the dividend London Brick has recommended for 1983.

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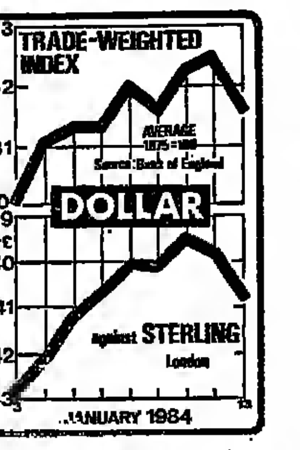
U.S. credit markets rally as dollar dips

BY STEWART FLEMING IN WASHINGTON

U.S. CREDIT markets rallied strongly and the dollar fell on the foreign exchanges yesterday following the publication of economic data suggesting that the growth of the U.S. economy has levelled off to the healthy 4.5 per cent real annual rate forecast by the Commerce Department. In the European currency markets the dollar shed most of the week's gain in a few hours of trading.



The biggest surprise in the statistics was a Commerce Department report that retail sales in December rose a meagre 0.1 per cent from a month earlier, the smallest gain for four months.

Just as significantly, the department revised its estimate of the increase in November down from the 1.9 per cent reported earlier to a rise of 1.1 per cent.

The Federal Reserve Board separately reported another moderate increase in industrial production of 0.5 per cent in December on a month before, compared with increases of 0.7 per cent in November and 0.8 per cent in October.

The Fed said fourth quarter industrial output was about 2¾ per cent higher than in the third quarter. This compared with average quarterly advances of about 4 per cent over the preceding three quarters.

The data were accompanied by more encouraging inflation news with a report from the Labour Department that wholesale prices rose only 0.2 per cent in December, bringing the increase since December 1982 to 0.6 per cent, the smallest rise in 20 years.

Many economists had been expecting much stronger retail sales gains in December based on optimistic statements from department stores that they were enjoying their best Christmas season for a decade.

These expectations had let to widespread predictions that the Commerce Department would revise upwards its "flash" estimate published in December that the fourth quarter real gross national product increase would slow to an annual rate of 4½ per cent from the 7.6 per cent reported in the third quarter.

The latest economic data, however, are leading economists who had been expecting an upward revision when next week's preliminary fourth quarter GNP figure is released to think again.

"The strength that we thought was in the economy and which we felt was not reflected in the flash estimate does not appear to be there," said Mr Brian Fabbri, an economist with Salomon Brothers in New York.

As a result, expectations in the markets that, either because of a shift in Federal Reserve policy or as a result of market pressures, interest rates could begin to rise further, are being modified.

The data published yesterday are seen as providing ammunition for those economists, particularly monetarists, who have warned that the slow growth of the narrow M1 measure of the money supply in recent months could herald a renewed sluggishness in the economy.

The statistics represent good news for the Reagan Administration, which is hoping to see the economy growing around the 4.5 per cent mark in real terms next year. This rate, it is estimated, would keep inflationary pressures down, yet underpin further progress on the unemployment front in the run-up to the Presidential election in November.

The latest indicator, however,

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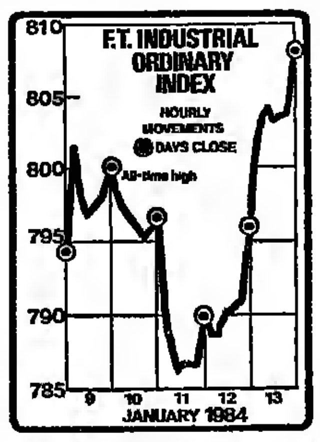
Equities indices break records

BY RAY MAUGHAN AND PHILIP STEPHENS

The London stock market outshone most of the Continental bourses yesterday as the main UK indices broke records.

Mid-week fears about money supply and manufacturers' input prices were shrugged off. The FT Industrial Ordinary Index, which charts the progress of 30 leading shares, surged through last Monday's record of 800 to close at 808.1, up 12.1 on the day.



The FT-Actuaries All-Share Index, which measures the performance of 750 shares, also established a record with a 1.1 per cent increase to 490.81.

While the Amsterdam and Brussels markets were putting up what were described as mixed performances, and the Commerzbank Index of 60 shares took Frankfurt 6.2 lower at 1,043.8, dealers reported persistent buying interest in most sections of the London market.

The U.S. influence was felt once again in shares favoured by North Americans such as ICI and Glaxo, but sterling's weakness against the dollar continued to deter London funds from speeding on Wall Street, one of their preferred areas of overseas investment.

Despite the emergence of a new tap, there are few calls on the market's cash and investors were encouraged by a crop of almost uniformly bullish appraisals of the domestic and world economies.

But it was a day of widely divergent fortunes for two of the most speculative shares in the market. London and Liverpool Trust dropped to just 11p — against a high early last year of 350p — as the company spelt out its refinancing needs.

Bellair Cosmetics hit £13½ — against a low point of 17p last year — despite statements from the company that the shares are overvalued. The Stock Exchange authorities called a halt to dealings until the recent bout of buying has been properly explained.

The new tap is a £1bn convertible 10 per cent Treasury 1990. It is to be issued partly-paid at a minimum lender price of £95.75 per cent on January 18, with the balance payable in February and March.

Holdings may be converted into 9½ per cent conversion stock 2004 on five separate dates between October, 1984, and October, 1986.

The issue is expected to be

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Nigerian recovery 'may take 18 months'

By Michael Holman and Tony Hawkins in Lagos

NIGERIA'S NEW military head of state, Major-Gen Muhammadu Buhari, yesterday warned that a recovery in the economy would take at least 18 months. He reaffirmed his government's commitment to meet external obligations, and said the country would press for an increased oil production quota within the Organisation of Petroleum Exporting Countries (Opec).

In the first wide-ranging interview he has given since seizing power on New Year's Eve, Gen Buhari confirmed to the Financial Times his Government's intention to negotiate with the International Monetary Fund (IMF) for a $2bn (£1.42bn) loan.

But he appealed to the fund for greater understanding of Nigeria's predicament, especially on the question of devaluation.

"Our officials will continue to make it clear to the IMF that it is not in our interests to devalue," he said. He argued that a devaluation would not boost oil exports, which account for 95 per cent of foreign exchange earnings, but would certainly be inflationary.

Gen Buhari acknowledged that the options open to Nigeria were limited. "Because we owe more than $7bn, debt servicing this year will exceed 30 per cent and this does not give us much room for manoeuvre.

"I hope the IMF will sympathise with Nigeria's situation."

However, Gen Buhari ruled out any increase in domestic fuel prices, one of the key recommendations of the IMF. Nigerians already find it difficult to make ends meet and higher petrol prices would mean both rising transport and fuel costs, he said.

Commenting on Opec membership, Gen Buhari, who was Commissioner for Petroleum under the last Nigerian military government, said: "It is more advantageous to remain in than get out."

But Nigeria would pursue a request for an increase in its 1.3m barrels a day production quota. The country had unused production capacity of up to 1m b/d.

If the application was unsuc-

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Gower report urges increased protection for investors

BY JOHN MOORE, CITY CORRESPONDENT

WIDE-RANGING proposals to overhaul the regulation of Britain's financial community and offer greater protection for investors are to be unveiled next week by the Department of Trade and Industry, the business community's ultimate supervisory body.

They will emerge with publication of a report by Professor Jim Gower, adviser on company law to the Trade Department. This will recommend a new structure for regulating the financial companies' affairs.

Prof Gower was asked to review protection for the investor by the Trade Secretary in July 1981 following a series of failures and scandals among several investment companies.

Prof Gower said yesterday: "We can't prevent people making fools of themselves but we ought to prevent responsible people from being made fools of."

An indication of his plans for the City was contained in a 142-page discussion document published last January.

This provoked a mixed response from City interests invited to make submissions. These have been studied by Prof Gower and the arguments they contained have been taken into account in preparing the final report.

Several key adjustments to Professor Gower's original proposals for improved self regulation emerge in the final report. In his initial proposals he recommended a balance between Government legislation and self-regulatory mechanisms in the City.

He will urge a statutory framework provided by a Securities Act to replace the Prevention of Fraud (Investments) Act.

The new legislation would make it an offence for companies to carry on business in securities business unless registered. The definition of securities dealing would be widely drawn.

Companies could obtain recognition through an appropriate self-regulatory agency recognised by the Department of Trade.

Prof Gower said originally there would need to be a minimum of four such agencies covering public issues and takeovers, the Stock Exchange, an agency dealing with all companies dealing in securities but which are not Stock Exchange members, plus a unit trust agency.

But he has had to remain unspecific in his final report about the number of "supra" regulatory agencies required following representations from many interests in the market.

He feels that there could be more than 10 agencies looking after the affairs of all financial professions in the City.

He has taken account of remarks in last September's issue of the Bank of England's quarterly bulletin which said there was widespread agreement on the need to retain a formal structure of regulation over the financial system.

The objective, the Bank said, should be to move towards a system sufficiently wide ranging to encompass all institutions engaged in similar activities but to avoid unnecessary interference with the evolution of financial activity.

He has held extensive discussions with the Bank and both agree that the co-ordination of the proposed self-regulatory mechanism should be through the Council for the Securities Industry.

The most controversial area of the Gower report will relate to the insurance industry. His proposals for the insurance market had to be changed as a result of pressure from the European Commission. It said what he was proposing would breach the Treaty of Rome.

Prof Gower wanted to make insurance companies register for investment business which is a large part of their activities.

MARKETS

DOLLAR	STERLING
New York lunchtime	New York lunchtime $1.41275
DM 2.80225	London: $1.408 (1.398)
FFr 8.575	DM 3.9625 (3.97)
SwFr 2.2175	SwFr 3.1425 (3.145)
Y 233.25	FFr 12.115 (12.135)
London	Y 329 (328.5)
DM 2.8125 (2.8375)	Trade weighted 82.1 (81.8)
FFr 8.606 (8.684)	LONDON MONEY
SwFr 2.23 (2.2475)	3-month interbank: mid rate 9 5/16% (9¼)
Y 233.6 (234.8)	3-month eligible bills: buying rate 8 13/16% (8¾)
Trade weighted 131.6 (132.5)	STOCK INDICES
Tokyo close Y 234.67	FT Ind Ord 808.1 (+12.1)
U.S. LUNCHTIME RATES	FT-A All Share 490.81 (+1.1%)
Fed Funds 9.82%	FT-A long gilt yield index:
3-month Treasury Bills 8.83%	High coupon 10.03 (10.12)
Long bond 103½	New York lunchtime:
yield 11.86	DJ Ind Av 1,272.51 (−6.8)
GOLD	Tokyo:
New York: Comex Jan latest $374.5	Nikkei Dow 10,160.97 (+46.81)
London: $371.625 ($370.125)	

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REACTION TO EEC PRICE PROPOSALS

French farmers warn of more unrest

BY IVO DAWNAY IN BRUSSELS

FRANCE'S MAIN farm union yesterday warned Mr Poul Dalsager, the EEC Agriculture Commissioner, that civil unrest by its members would increase if proposals for minimal rises in product prices are not radically improved.

The union, FNSEA, demanded a 4 per cent rise and the dismantlement of the monetary compensatory amounts (MCA), the system of border taxes and subsidies which insulated national prices from currency changes. The effect of these two measures would ha to raise French prices by 7.2 per cent against 3.2 per cent proposed by the Commission.

Meanwhile, Herr Ignaz Kiechle, the West German Agriculture Minister, said yesterday he would not accept the prica proposals, and the country's farmers' union described them as a provocation. He assured farmers they would not have to face the cuts which average 5.4 per cent. It was widely expected that some countries' farm ministers would reject the proposals.

Mr Dalsager repeated yesterday that the austerity package, which would give a Community-wide average price increase of 0.8 per cent (or 0.5 per cent including the MCA addition), was the inevitable consequence of member states failing to act on earlier Commission advice.

He insisted that the Commission's proposals were the best available policy. If they were not endorsed by members states along with other agricultural policy reforms, drastic price cuts could be necessary, he said.

In a meeting yesterday with Mr Dalsager, Copa, the federation of European farm unions, claimed that the Commission's proposals would lead to a disastrous fall in farm incomes with wide-ranging consequences for modernisation and employment. Copa is seeking a 3.9 per cent average price rise.

Richard Mooney adds: Acceptance of the Commission's price package would destroy the livelihood of many British farmers and deal a savage blow to the whole industry, Sir Richard Butler, president of the National Farmers' Union, said yesterday.

Farming income in a full year would be cut by 12 per cent more than if UK support prices had just been frozen at current levels, he claimed.

In particular the NFU president was angered by plans to realign "green currency" rates, the rates at which EEC support prices are translated into national currencies. Proposed changes were "grossly unfair" to UK farmers and would greatly reduce their ability to compete with farmers in most other Community countries, he said.

The package does not seem to have been well received in Washington either. U.S. Under-secretary of Agriculture, Mr Daniel Amstutz, said it would fail to ease trade tensions between Washington and Brussels.

While admitting the proposals showed "restraint" Mr Amstutz pointed out that the main U.S. complaints concerned export subsidies and access to its markets. "The price proposals address neither of these broad issues," he said.

Kissinger urges 'serious' East-West talks

BY JOHN WYLES IN BRUSSELS

DR HENRY KISSINGER, the architect of "Lone Ranger" diplomacy in the 1970s, yesterday urged Washington and Moscow to resume a "serious political dialogue."

In a subtle and occasionally controversial review of the issues confronting the Atlantic Alliance, the former Secretary of State liberally handed out brickbats to European and American administrations for their handling of East-West relations.

East-West dialogue needs to be more broadly based than arms control negotiations, he told a conference organised here by the Centre for Strategic and International Studies, from Georgetown University, Washing DC. Neither could the confidence building measures to be discussed at the European Disarmament Conference opening in Stockholm next Tuesday "advance us very far."

What is needed is an attempt at carefully prepared agreements to be finalised at a U.S.-Soviet summit. The preparation should be entrusted to a "special representative" enjoying the full confidence of its head of government and foreign minister."

Each such representative "should have access to the other side's head of state and both parties would commit themselves to a global review of the entire relationship."

"As soon as the conversation between the special representatives demonstrates hope for progress, preparations would begin for a summit meeting which would then approve a full-scale work programme for co-existence."

Dr Kissinger argued that a serious dialogue must grapple with a definition of co-existence since detente cannot be sustained if it gives rise to a global offensive designed to unhinge the global balance of power.

Dealing with the controversy over Nato's deployment of intermediate range nuclear missiles in Europe, Dr Kissinger was wholeheartedly for basing cruise and Pershing missiles in Europe and deeply critical of Nato's "dual track" decision.

Making deployment dependent on the failure of negotiations to ban the Nato and Soviet weapons system was "fateful." Experience with the Soviet Union should have shown that "an unambiguous outcome of such talks was nearly impossible." Meanwhile, the deadline guaranteed a domestic crisis in all countries due to receive the missiles.

In any case, the weapons are an essential protection for Europe against Soviet nuclear blackmail since they link "the strategic defence of Europe with that of the United States," he said.

Discussing relationships within the alliance, Dr Kissinger acknowledged the destabilising effects of U.S. policies which had been "extraordinarily changeable." The trouble, he said, was that "each Administration has felt no responsibility to the legacy of its predecessors."

W. German GNP rose by 1.2% last year

By Jonathan Carr in Frankfurt

WEST GERMANY'S gross national product (GNP) grew in 1983 by 1.2 per cent in real terms (allowing for inflation) after two successive years of contraction.

The growth rate is stronger than almost everyone, including the Bonn Government, thought likely a year ago. It bodes well for a further increase, perhaps of as much as 3 per cent, in 1984.

Last year's economic recovery followed a fall in real GNP of 0.3 per cent in 1981 and one of 1.1 per cent in 1982. To general surprise, the initial boost came from domestic demand—the first time since the Second World War that a German economic upswing has not been led by export business.

West Germany also made marked progress on the inflation front too, cutting the rate of increase in consumer prices from 5.3 per cent in 1982 to 3 per cent last year.

External payments figures for 1983 being released later this month are expected to show a trade surplus smaller than the record DM 51.3bn (£13bn) of 1982, and a current account surplus at about the same level of DM 8.6bn.

Record $20bn trade surplus for Japan

FLOURISHING exports and lower oil import prices boosted Japan's trade surplus to a record $20.45bn (£14.64bn) last year, including an $18.13bn surplus with the U.S., AP reports from Tokyo.

Exports rose 5.8 per cent in 1983 to $146.93bn from $138.83bn in 1982, while imports dropped 4.1 per cent to $126.48bn from $131.93bn in 1982. The 1982 surplus was $6.9bn.

Exports to the EEC rose 8.6 per cent up to $18.53bn while imports from the community increased 7.4 per cent to $8.12bn.

Aid for El Salvador

President Reagan plans to ask Congress for a military aid commitment to El Salvador possibly totalling $600m (£429m) in the next two years, Reuter reports from Washington. Administration officials said he might seek about $400m this year to economic aid for Central America, with half earmarked for El Salvador.

Turkey credit move

Turkey is seeking a new one-year standby credit agreement worth around $250m (£179m) from the IMF to succeed the current one-year pact, worth $243m which expires in June, Reuter reports from Ankara. Central officials said Turkey would receive at least $300m this year in a structural adjustment loan from the World Bank.

Soviet tapping alleged

The Soviet Union appears to be tapping telephone calls in the San Francisco area, where hundreds of high technology companies are working on sensitive defence contracts, the police said, Reuter reports from San Francisco. They said that the Soviet consulate was apparently using high-frequency microwave antennae.

Takeovers ruled out

Mr Robert Mugabe, Prime Minister of Zimbabwe, ruled out state takeovers of private industry in pursuit of his Government's policy of socialism, AP reports from Harare. He called instead for "establishing state enterprises" and "state participation in existing industries."

Belgium and Luxembourg near to signing steel deal

BY PAUL CHEESERIGHT IN BRUSSELS

SENIOR MINISTERS of the Belgian and Luxembourg Governments were late yesterday afternoon meeting to settle a far-reaching ten-year agreement on production, investment and commercial co-operation between their two respective steel industries.

The agreement is the most extensive between national producers so far seen during the present phase of the restructuring of the EEC steel industry.

It more tightly links the fortunes of Arbed of Luxembourg, Sidmar of northern Belgium, controlled by Arbed despite a minority stake of the Belgian Government, and Cockerill Sambre, the state-owned Belgian producer.

The signing, opposed by the Cockerill Sambre and Arbed unions, would be a decisive step in the Arbed and Cockerill Sambre plans to slim down their operations. Both groups have been advised in their plans by M Jean Gandois, a French specialist. He played a substantial role in negotiating the accord.

"They will produce more steel than they transform. We will transform more steel than we produce," M Gerald Delruelle, the Cockerill Sambre chief executive, explained yesterday.

Under the first step of the agreement, Cockerill Sambre will close a sections mill at Charelroi and the Valfil wire rod plant in Liege. This will allow a freer band for these products to Arbed at its Luxembourg plants.

But Arbed will close a strip rolling mill in Luxembourg, allowing Cockerill Sambre to concentrate on strip production at its Liege and Charleroi plants.

In the medium term, the two groups have defined a complementary investment programme tied in with a commitment that neither will create or expand capacity in products where the other is a force on the market.

The decisions to exchange production of sections, wire rod and hot rolled flat products has led the groups to commit themselves to find a means of co-ordinating their marketing. But at first this will not extend to flat cold rolled products or to coated products.

The agreement will be scrutinised by the European Commission as part of its general control of the restructuring of the EEC steel industry.

Rumsfeld meets Syrian president

BY OUR MIDDLE EAST STAFF

PRESIDENT REAGAN'S special envoy to the Middle East, Mr Donald Rumsfeld, met Syrian President Hafez al-Assad in Damascus yesterday in what is seen as a move to ease tensions between their two countries.

The tone of U.S. policy towards Syria has been more conciliatory over the past few weeks. This follows the success of presidential candidate Rev Jesse Jackson in securing the release of a captured U.S. pilot and a Pentagon report calling for changes in U.S. policy in Lebanon.

Meanwhile the fragility of the ceasefire in Lebanon was emphasised overnight when two people were killed and 10 wounded by mortars and missiles slamming into the Christian suburbs of Beirut.

Two gunmen riding a motorcycle slightly wounded the wife of the French cultural attache, M Jean Dechico, in the face. This was the third attack against the French this month.

French troops of the multinational force fought with militiamen who opened fire against a French crossing straddling a flyover crossing from west to east Beirut. A French military spokesman said the assailants harassed the French post with machine-guns and rocket-propelled grenades.

Beirut Airport was shut for an hour yesterday after U.S. marines stationed in its perimeter fought a 30-minute battle with militiamen who opened fire from a building to the east of their position. Chief U.S. marine spokesman Major Brooks said the marines shot back with tank and anti-tank weapons, 60 mm mortars and laws, light anti-armour weapons.

As battles raged between Christian and Druze fighters entrenched in the hills south-east of Beirut, Druze snipers hit a schoolbus returning through the Christian town of Hadath with 20 children aboard. Three children were injured, one of them seriously. State-run Lebanese television showed footage of the bullet-riddled bus.

The Lebanese Government was still trying to forge together an acceptable security plan that would disengage warring factions in the suburbs and the mountains. The cabinet cautioned against any delays in the application of the plan warning that "this may lead to tremendous dangers."

Druze leader, Mr Walid Jumblat, travelled to Moscow on Thursday for a three day visit. Mr Jumblat held out new conditions for accepting the security plan, mainly, the lifting of an 8 pm curfew, restoration of unbridled Press freedom and the reinstatement and promotion of Druze soldiers and officers who deserted the Lebanese army last autumn.

Former Polish TV chief jailed for taking funds

By Christopher Bobinski in Warsaw

AFTER two years of court proceedings Mr Maciej Szczepanski, the former head of Polish radio and television was found guilty here yesterday of mismanagement and illegal appropriation of public funds and sentenced to eight years in prison.

Mr Szczepanski, who is 55, was arrested after the downfall of Mr Edward Gierek, the former leader, in the autumn of 1980 and came to symbolise the corruption of the 1970s.

But no evidence was produced in court to substantiate rumours presenting him as the most profligate playboy in Eastern Europe.

The rumours started just before Mr Gierek's departure from power and Mr Szczepanski said with some justification in his defence speech that his case had been part of "a campaign initiated by Mr Mieczyslaw Moczar and his political friends to bring Mr Edward Gierek to trial."

Mr Moczar, an ambitious former Interior Minister, pushed aside by Mr Gierek and now retired, had continued to harbour hopes of a return to a top party post in the Solidarity period and needed the anti-corruption campaign to undermine Mr Gierek's supporters and improve his own image.

Rome unveils incomes policy

BY JAMES BUXTON IN ROME

THE ITALIAN Government last night took the first step towards its long-awaited incomes policy by presenting proposals to unions and employers. The incomes policy is the main element of its economic and political strategy.

The Government hopes that by limiting rises in state controlled prices and making other concessions it can persuade the unions to accept a temporary modification of the wage indexation system to get this year's inflation down to under 10 per cent. It is currently running at about 13 per cent.

Sig. Gianni Demichelis, the Minister of Labour leading the negotiations, is offering to keep rises in charges for electricity, telephone and other services to 10 per cent this year. He is also offering stronger measures against tax evasion by the self-employed.

In return, he wants the unions to agree that the triggering of the *scala mobile* wage indexation system this year should be for a maximum 10 per cent inflation, even if prices rise further. Confindustria, the major employers' association, goes further: it wants the compensation given for price rises by the *scala mobile* to be halved for two years.

Two of the three union federations accept the need to modify the *scala mobile* again, despite the fact that the protection it gives was reduced only last January. But the third and biggest union, the Communist-oriented CGIL which represents lower paid workers most dependent on indexation, is still reluctant to concede anything further on the system.

Spanish pay consensus in danger

BY DAVID WHITE IN MADRID

SPANISH employers and union organisations are running out of time for reaching an agreement on a framework for wage increases for this year.

A continuation of the consensus pacts which have been obtained for the past four year was put in jeopardy when a second round of negotiations between employers' representatives and the two main trade union federations broke off without agreement on Thursday night.

Hopes for a settlement were still being held out yesterday by the socialist UGT union, whose claims are only narrowly above the employers' proposal of a basic increase of between 5.5 to 7.5 per cent.

However, next week is considered the latest possible date for reaching a framework accord before the start of sector-by-sector negotiations.

Tha UGT is seeking to include its original claim of 8 per cent —equivalent to the government's inflation target for the year—in the range of increases.

Prospects for including the powerful communist Workers' Commissions Union, which is pushing for 10 per cent, have meanwhile become even more remote.

The workers' commissions participated in last year's agreement, which set a standard range of between 9.5 and 12.5 per cent and led to average increases of around 11.5 per cent in nominal wages during the year.

The socialist Government has set a ceiling of 6.5 per cent on public sector pay rises for this year and recommended this as a yardstick for the private sector.

Hong Kong shops looted

BY ROBERT COTTRELL IN HONG KONG

A VIOLENT mob looted shops and stoned police stations in the Hong Kong district of Yaumatei and Mongkok last night. The cause of the outbreak was not immediately clear.

The trouble began at 8.30 pm when a group tried to break into a shop and then stoned passing buses. By midnight police said the situation was largely under control

Mr Roy Henry, Hong Kong police commissioner, said in a television interview that he believed the rioters were "taking advantage of the atmosphere which has been created" by a two-day old strika by taxi drivers.

Alfonsin renews peace talks call

BY JIMMY BURNS IN BUENOS AIRES

PRESIDENT Raul Alfonsin of Argentina yesterday renewed a call for the resumption of peace talks on the Falklands, and hinted strongly that his country was close to signing an agreement with Chile over the Beagle Channel.

Sr Alfonsin raised the prospect of an early breakthrough in Argentina's two ongoing territorial disputes in his first Press conference since he became President last month.

This was the second time in less than a week that Sr Alfonsin publicly hailed as an important "step forward" recent peace moves emanating from London. He specifically mentioned Prime Minister Margaret Thatcher's recent suggestion that Britain might lift its 150-mile exclusion zone around the Falklands if Argentina were to declare a formal cessation of hostilities in the South Atlantic.

He also described as "very important" a recent statement by Mr Michael Heseltine, the British Defence Minister, that it was inconvenient for Britain to continue maintaining a large military force in the Falklands. The statement coincided with a visit to the Falklands by Baroness Young, Minister of State at the Foreign Office.

Sr Alfonsin did not say if and when his government would declare an end to hostilities. But significantly he did not lay great emphasis on the word sovereignty in contrast to previous Argentine official statements. Instead he made his strongest suggestion so far that in his view both sides were closer than ever before to resuming some kind of dialogue.

Bonn denies mistake over dismissal of general

BY RUPERT CORNWELL IN BONN

THE DEFENCE Ministry was last night doggedly rejecting suggestions that a "mistaken identity" blunder lay behind the affair of dismissed army general, Guenther Kiessling, which is causing great discomfort for the Government here.

The four star general, who was also deputy supreme allied commander in Europe, was peremptorily removed from his post at the end of 1983 after investigations by the MAD, the West German defence intelligence service, on the grounds he had become a security risk.

MAD's allegations rested in turn on the supposed regular visits, confirmed by witnesses, that General Kiessling had made to two bars in Cologne said to be homosexual hang-outs.

Yesterday, however, a Cologne newspaper and a radio station claimed that the agents of the MAD who had visited the bars during their enquiries had confused the general with another man who looked remarkably like him, who was well known in Cologne homosexual circles.

A ministry spokesman said yesterday that the report by MAD, on the basis of which Herr Manfred Woener, the Defence Minister had acted, had been thoroughly checked because of its delicacy, and that no evidence existed to support the theory of an identity mix-up.

Yugoslavia unlikely to seek new loans

By David Buchan

YUGOSLAVIA, which ended last year with its current account in balance, will probably not need further Western government credit this year and it can probably get by with a straight rescheduling of the $3bn medium and long term debt principal dna in 1984.

This is the conclusion of Western government officials after being briefed in Paris this week by officials from Belgrade and from the International Monetary Fund. Hence it is now unlikely that a credit-pledging session by the 15 Western governments and Kuwait, which make up the "friends of Yugoslavia" consortium, will take place as earlier planned

Brendan Keenan reports on a call to increase competitiveness

Ireland must reduce real wages, says OECD

REDUCTIONS in real wages will have to be accepted in Ireland for some time to come if the country is to achieve sufficient economic growth to reduce the present unemployment level of 15 per cent, the Organisation for Economic Co-operation and Development (OECD) says in its latest survey of the Irish economy.

The report will make gloomy reading for the coalition Government of Dr Garret FitzGerald as it prepares its 1984 budget which is to be presented on January 25. The OECD believes that a tight rein must be kept on public expenditure right through to the end of the decade in order to restore international competitiveness.

The report suggests that Government consumption should be reduced by 3 per cent this year, and by 2 per cent a year until 1987; the real value of social transfers should be reduced this year and held constant thereafter; the real value of government subsidies should be held constant; real capital expenditure by the Government should be reduced by 10 per cent by 1987 and the present income tax ratios should remain unchanged.

The deflationary effect of these policies will be such that only a strong rise in net exports can prevent unemployment rising still higher, according to the report. But it expects that the climate for Irish exports will not be as favourable as in the past because it will be more difficult to attract the foreign industry, which contributed most of the growth in exports over the past ten years. The conclusion is that Ireland must improve its international competitiveness, and that as a result there is little room for further nominal pay increases.

Sharp rise

The OECD calculates that a sustained 10 per cent fall in relative wages would eventually increase the level of real gross domestic product (GDP) by between 4 and 5 per cent by 1987.

The report charts the background to this situation, in particular the sharp rise in public spending betwen 1977 and 1982. Current government spending now amounts to 50 per cent of GNP. The report points out that old age pensions grew by 40 per cent in real terms in 1976-82, average unemployment benefits went up 20 per cent and the public capital programme grew from 11.5 per cent of GNP in 1976 to 16 per cent in 1982.

The main result was a sharp rise in Ireland's foreign debt which is proving a major constraint on future growth. The report says that scheduled repayments this year, will be over I£600m (£468m) and that without a substantial reduction in net borrowings this year, the Government would have to borrow more than in 1983 just to meet its repayments. Schedule repayments of external debt, will exceed I£650m a year for the rest of the decade compared to I£350m a year over the past three years.

The OECD suggests that there may be scope for increasing the share of the exchequer borrowing requirement financed domestically through more flexible interest rates and debt management policy.

The report expresses doubts that foreign investment in Ireland will be as substantial in the 1980s as in the 1970s, and is critical of some aspects of Irish industrial policy. It says the record of creating sustainable jobs has not been impressive, while native Irish industry has not made the most of the opportunities for subcontracting to the foreign companies. The report suggests that one effect of Ireland's generous grants and tax incentives has been to halve the real cost of capital since 1970 and this may have encouraged the substitution of capital for labour.

The report will be a sharp antidote to some of the optimism being expressed in Ireland because of the improvement in the country's balance of payments and the expected return to modest growth this year. In particular, the OECD *has shifted the emphasis* back to Ireland's international competitiveness. With wages set to rise in line with the expected 9 per cent inflation this year. there is still much room for improvement.

Aer Lingus concerned by drop in U.S. visitors

BY OUR DUBLIN CORRESPONDENT

ONE OF the most colourful sights of an Irish summer, the returned Yank visiting the old sod, is in danger of disappearing. The Irish state airline, Aer Lingus is concerned at the drop in the number of so-called "ethnic visitors" coming to Ireland.

The ethnic visitor can usually be recognised by his green hat and loud tweed jacket and is typically an emigrant who has saved up to return to Ireland in retirement. In the 1960s such tourists accounted for over 60 per cent of Aer Lingus's transatlantic passengers.

But the decline in Irish emigration in the last 30 years means their numbers are diminishing and the children of emigrants are less likely to pay a visit, despite notable exceptions such as a recent visit from Ronald Reagan, Jr.

Aer Lingus, which has lost I£60m (£47m) on its North Atlantic traffic over the past 10 years has decided that in future it must concentrate on non-Irish American tourists to increase traffic.

The airline, in conjunction with the Irish Tourist Board is mounting a major campaign through newspapers and magazines in the U.S. to persuade other Americans to include Ireland on their European holiday, which typically has concentrated on major cities such as London, Paris and Rome. Mr Cathal Mullan, assistant chief executive with Aer Lingus, said they would have to get "stuck into the market" to sell empty seats outside the peak summer season.

California is regarded as one of the growth areas for American travel to Europe and the new Irish strategy will be to sell the relaxed Irish lifestyle as an attraction to wealthy West Coast inhabitants.

"One advantage is that they don't mind about the Irish weather because they have sun the rest of the year," an Aer Lingus spokesman said.

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Shareholders 'should make political donation decision'

BY PETER RIDDELL, POLITICAL EDITOR

BOARDS OF directors should consider stopping contributions to political parties and instead pay the money in higher dividends to allow shareholders to decide whether to donate, Sir Adrian Cadbury, the chairman of Cadbury Schweppes, has suggested.

The confectionery and soft drinks group has been a sizeable contributor to Conservative funds.

His proposal indicates that the current pattern of company support for the Conservative Party may come under increasing question as a result of the Government's proposals for regular ballots by members on the existence of trade union political funds.

Sir Adrian's comments are made in a personal capacity during this morning's "Talking Politics" programme on BBC Radio 4.

He draws parallel with the Government's desire that trade union political involvement should reflect individual decisions.

He says, "You cannot claim that a decision made by a board is a deliberate individual decision of the many thousands of shareholders who own the company.

"Therefore if progress is made down the road the Government would like to see in relation to the trade union political levy, the corollary would be some change in the way that companies make their donations."

Stressing that each board should decide for itself, Sir Adrian says companies might "put the extra money into the dividend and allow the shareholders to decide how they wanted that distributed to the political party of their choice."

He described this as "a certain evenhandedness."

Such ideas are unlikely to appeal to the Conservative Party since it receives a substantial part of its funds from companies. Moreover, institutional shareholders which would receive the extra dividend might be unlikely to change their present generally non-partisan stance.

Ministers have, however, been considering whether to tighten the law on company political contributions beyond the present requirement to disclose any donations afterwards, as has been suggested by both the Labour and Alliance parties.

One option would be to require political contributions specifically to be approved by annual meetings. This idea has been opposed by the Institute of Directors and there have been no formal talks with business groups.

In preparing its response to the Government's trade union proposals last year, the Confederation of British Industry found that some of its members, particularly in the regions, were concerned that any action on the union's political levy might require parallel moves by companies.

In today's interview Sir Adrian also poses the dilemma of British-based international companies which make political donations in the UK and which may face pressure to make similar contributions overseas, particularly by some Third World regimes.

His main point is the desirability of switching from the present system of block, company and trade union, financial support for political parties towards greater individual involvement.

Sir Adrian suggests that, as in the U.S., tax relief should be available on political donations up to a certain sum. He believes there would be general gains from a greater degree of individual participation in politics.

Carla Rapoport reports on the revival of prospecting in a Welsh Klondyke

Seeking a golden welcome in the hillsides

THE NEWS that a Welsh mine will soon be producing commercial quantities of gold is likely to excite a great many people in Britain—but not Mr Bill Hall, owner of the Bontddu Hall Hotel in north Wales.

"The gold is up there all right," he says, pointing to the hills behind his hotel. "But it's in pockets. I've seen it before; and they come here, find a pocket, get on telly, and then boom, the money's gone and they've left."

This time, however, the men working down the mine behind Mr Hall's hotel say they are not leaving. Carnarvon Mining, which went to work on the 130-year-old Clogau St David's gold mine early last year, is now crushing ore at the rate of eight to 10 tonnes a day. More importantly, it estimates a yield of around ½ ounce of high quality gold for every tonne crushed.

"They seemed to have solved the puzzle of how to locate the rich pockets of gold in the veins," says Mr Michael Long, mining analyst at Sheppards and Chase, the London stockbroker which is expected to handle Carnarvon's entry to the Unlisted Securities Market this summer. Unlike Mr Hall, Mr Long is keenly enthusiastic about Carnarvon's work.

According to Mr Alan Grierson, the Crown Mineral Agent, who grants mining leases, Carnarvon is not the only group in the UK moving into commercial production of gold.

"There is a marked resurgence in interest in gold in this country," he said. "Many companies are looking for it and I reckon we'll have half a dozen mines, each employing between 20 and 30 miners, in the fairly near future."

Mr Grierson refused to name any of the companies, but said the speed of development of the mines now depended primarily on the amount of investment the companies were prepared to make.

Traditionally, gold-mining in this country has been left to itinerant greengrocers and postmasters in Wales, says Mr Grierson. The medium-sized companies have not been interested in high-risk ventures and the big companies, like RTZ and Anglo-American, have concentrated on large overseas mines.

"This is changing," Mr Grierson says. "With all its warts, Britain is a relatively stable economy. Many of the big oil and mineral groups have become less obsessed with 10,000-tonne-a-day mines in countries where their future doesn't look so secure. A lot of companies are thinking that a half a dozen little ones in Britain isn't such a bad idea."

To the owners and employees of Carnarvon, a little gold mine seems a marvellous idea. "We're great, the English, of thinking where to put our money besides the UK," says Mr Charles Wyatt, a director of Carnarvon.

Mr Wyatt helped put together the backing for Carnarvon, which was mainly provided by two Australian mineral groups, the Great Victoria Gold Company and the Magnet Group.

But the unhappy history of gold mining in Wales makes the British fascination with overseas mines understandable. Since the middle of the last century, scores of companies and miners have scoured the old Welsh county of Merioneth.

In 1862 and 1863, for example, some 12 gold mining companies were floated in London, raising nearly £700,000 at a time when £1 paid a miner's wage for a week. By the end of 1863, however, results from the mines showed that City expectations had been too high on output and the share prices collapsed.

Rampant fraud and corruption were blamed for many of the companies' failures.

Since then, some 13 companies and individuals have worked the precise spot which Carnarvon is exploiting, near Barmouth. The last and most successful was Saint David's Gold and Copper Mines set up in 1898. Between 1900 and 1907, it mined 1.5 tonnes of gold. But according to local histories, a similar amount left the mines in workmen's pockets.

Today, five Cornish miners work for Carnarvon under an agreement which calls for everyone to be sacked if one miner is found stealing. Security, however, has yet to be fully organised. The mine's first output, 4.5 ounces of rough gold, London gold refiners, in a jam was delivered to Blundells, the jar.

Carnarvon has a few more points going for it than honest miners and reputable backers. It has Mr John Ruttenbury, a seasoned geologist, helping to guide the miners toward the rich pockets of gold.

It also has Mr Jock Williams, a genuine "old man of the mountains," who along with his father and grandfather helped to dig the 4.5 miles of tunnels which burrow through the acreage leased by Carnarvon.

Mr Wyatt says that the Clogau mine has produced 2.5 tonnes of gold in its 130-year life. "We think the old men were right; they just didn't have the right financial support to keep at it."

Over the noise of the mine's jaw crushers, Ballmill and Wilfley shaking tables, which sort the gold, Mr Ruttenbury says: "It's like looking for plums in a pudding here. You don't want to lift massive tonnages."

Clogau also has an important intangible: sentiment. The mine produced the nugget of gold which provided wedding rings for the Queen, Princess Anne and the Princess of Wales. The Welsh Office has recently granted the mine the right to use the Welsh Dragon emblem on all gold produced, thereby assuring the mine of a premium of up to 20 per cent on the current gold price of around $370 an ounce.

"I would imagine that most girls in Britain would rather have a Welsh gold ring, rather than a Brazilian one," says Mr Grierson.

Mr Wyatt says that drilling with diamond bits will begin later this year, once some £1m to £2m is raised through a sale of about 25 to 35 per cent of the company's shares

"We aim to prove reserves for five to 10 years' production before installing a major production plant," he says.

The company envisages a throughput of around 300 tonnes of ore per week which, assuming a yield of half an ounce of gold per tonne, should give an annual output of around 7,500 ozs. With overheads and mining costs of about $100 per tonne, this would give the mine a rough operating profit per year of around $1.2m (£858,000).

Mike Arron

Moving ore in the Clogau gold mine.

Injunction granted against Greenpeace

FINANCIAL TIMES REPORTER

BRITISH Nuclear Fuels was yesterday granted a permanent High Court injunction banning the environmental group Greenpeace from interfering with the pipeline taking radioactive nuclear waste into the Irish Sea from the Sellafield (formerly Windscale) processing plant in Cumbria.

The group's right to take samples and carry on peaceful protests near the pipeline was protected by the judge.

At a separate High Court hearing, a £50,000 fine imposed on Greenpeace last month for breach of an earlier injunction against obstruction of the pipeline was cut to £36,000.

After yesterday's hearings, Greenpeace promised to continue its fight against BNF until "it stops discharging this disgusting muck into the water."

Mr Bryn Jones, a British director of Greenpeace, said: "If we do not protect our seas, who else will?

"BNF has dirty hands and we do not intend to leave it alone. Of course, in the light of the injunction we will have to think about how we will continue our fight.

"But we have given no undertaking not to block the pipeline."

Mr Jeffrey Preece, BNF's director of information, said outside court: "We are naturally very pleased that our application for the injunction was granted and that, therefore, we have got the protection we need to continue our operations at Sellafield undisturbed."

The perpetual injunction was sought by BNF on the ground that the environmentalists were interfering with the company's lawful activities.

A file relating to alleged excessive discharge from the pipeline in November is currently before the Director of Public Prosecutions, and the judge said Greenpeace might well start civil proceedings.

The judge modified the wording of the total ban sought by BNF so as not to "impede Greenpeace from carrying out tests on waste, silt, seaweed and debris in the vicinity of the outflow".

The injunction says Greenpeace is "restrained from physically blocking in any way, or interfering with, the pipeline or physically obstructing the flow therefrom."

The judge ordered Greenpeace to pay BNF damages, to be assessed later, for its previous interference with the pipeline, and costs.

Tupperware distributors lose tax case

DISTRIBUTORS who supply goods for home Tupperware parties must pay value-added tax on the full retail price, although they receive only 70 per cent of sale proceeds, a High Court judge ruled in a test case yesterday.

The decision was said to affect many pending cases

Mr Justice Woolf dismissed an appeal by former Tupperware distributors Patricia and Richard Potter, trading as P. and R. Potter Wholesale, of Church Lane, Wolverhampton, against a ruling by a VAT tribunal.

The Customs and Excise claimed £7,352. Mr and Mrs Potter said they were owed about £54,000 in overpaid tax.

The judge said there was a long history of dispute between the parties as to the proper method of VAT assessment.

The Customs and Excise claimed there was a sale by the distributor, not to the dealer, but to the members of the public attending the parties. Tax was therefore payable on the full retail price.

The Judge agreed with the VAT tribunal's decision that the relationship between dealer and distributor was, in law, one of principal and agent and that no sale took place between them.

Robin Pauley on commerce's links with councils

Split in the business ranks over Rates Bill support

BUSINESS AND commercial leaders are split over the Government's plans to limit local authority rate increases.

The rift has opened partly because the limitings scheme will increase rates for all but those in the 12 to 20 councils the limit will penalise.

It is also partly because although leaders of commerce and industry have complained about the rates burden some are unhappy about a solution which takes the form of ending local democracy and industry organisations have formed good relationships with their councils, sometimes in areas where the Government regards the Left-wing authorities as the highest spenders.

Merseyside Chamber of Commerce, for example, is firmly against the Government's proposals to abolish Merseyside County Council.

The split emerged again this week at the National Council of the Association of Chambers of Commerce. The council gave only qualified support to the general powers in the Rates Bill which would allow the Government to limit the rates rises in all 404 English local authorities.

Chambers from Yorkshire and Humberside, one of the association's largest areas, however refused to support the general scheme.

East Anglia chambers also refused to support areas where the Government would limit selected councils' rate rises.

East Anglia called to the Government to undertake a complete revision of the whole local government structure and its finances.

Mr Jenkin has been particularly annoyed by the low level of support he has been able to drum up among commerce and industry. He wrote to the Confederation of British Industry asking it to campaign for the Government.

A £75,000 campaign against the Rates Bill was launched by Leeds City Council yesterday. Mr George Modie, Labour leader, said the cost of the campaign was "a small price to pay for democracy" and only a small percentage of the council's £400m budget.

The campaign will run for several months and will involve Press adverts, leaflets, lapel badges, posters on hoardings and council vehicles plus a petition to Patrick Jenkin, Environment Secretary.

He and Mrs Thatcher have been defending the Rates Bill as a necessary measure to protect ratepayers. But in fact rates will be increased for all ratepayers except those in the "capped" council areas.

This is because the amount of Government grant available to support local council spending is a fixed amount.

The more a council spends above the Government's assessment of how much it needs to spend, its Grant Related Expenditure Assessment, the less grant it gets. This lost grant is redistributed to other councils.

The rate limit on 12 to 20 high spending councils is intended to force their spending back down and as it goes down it will qualify for more grant.

This can be provided only at the expense of other non-capped councils who will therefore lose some grant and have to raise more from the rates to make up the difference.

A similar problem exists for the Treasury. High-spending councils lose money in a second way. They have targets, which are not consistent with their GREAs, and lose grant for exceeding the targets.

This lost money is a bonus to the Exchequer and is not redistributed to councils. If rate limits push back the spending of some high spenders they will be closer to, or even on target and will thus again qualify for more central funds.

This time the money will have to be a net addition to Treasury contributions to councils, one of the reasons that Mr Nigel Lawson, Chancellor, is thought to be not too enthusiastic about the Bill.

Mr Lawson has, however, responded to Mr Jenkin's request for a concerted campaign of ministerial speeches in the run up to Tuesday's second reading.

Mr Lawson, Mr Peter Rees, Chief Secretary to the Treasury, Mr John Biffen, Mr Norman Fowler, Leader of the House (Social Services Secretary) and Mr Leon Brittan, Home Secretary, have all made a speech.

Two former Environment Secretaries, Mr Michael Heseltine, now Defence Secretary, and Mr Tom King, now Employment Secretary, who were both consistently opposed to the Bill have yet to make a speech.

Mr King opposed the plan each time Mr Brittan brought it to Cabinet on behalf of the Treasury. Mr Brittan was a lone voice at each session until the plan was incorporated in the manifesto.

Mr King spent much of the Government's first term saying it would never limit the rates. As long ago as March 1980, when the controversial block grant system was being introduced, he said: "To hear some people you would think we were introducing individual cash limits.

"You would think we were fixing a maximum percentage for rate increases. We are not doing any of those things that would be really damaging to local autonomy."

System will cut software stocks

BY ALAN CANE

A NEW WAY of distributing microcomputer software to retailers, which should cut their stocks sharply and end program piracy, will be introduced to the UK next month.

If successful, it will completely alter the mass marketing of personal computer software, one of the country's fastest-growing new businesses.

The new method, based on transmitting programs electronically down a telephone line, should allow:

- Retailers to demonstrate and sell personal computer software without having to carry stocks of cassette tapes or computer memory disks.
- Software authors to claim royalties on their work through a computer-based billing system.
- Renting of computer software without fear of piracy.
- Direct import and export of computer software, free of tax, by electronic transmission over satellite links.

Prism Technology will start to distribute software electronically from February 1. Prism distributes Sinclair computers, computer software and accessories to Rumbelows, Currys and the John Lewis Partnership among others.

It is the largest distributor of microcomputers in the UK, with 20 per cent of the market by unit.

It is importing 20 electronic distribution terminals to be installed on a pilot basis in Dixons Photographic, W. H. Smith and Greens.

Mr Bob Denton, Prism managing director, said yesterday he expected to install up to 300 terminals this year. He hopes the new method will generate business worth £12m at customer prices in that time.

The terminals will be supplied by Romox, a U.S. company set up for the electronic distribution of computer software. Each is an IBM personal computer with extra memory added by Romox so it can store many home computer programs.

Other equipment added to the terminal will make it possible for the retailer to load a customer's choice of program into a software "cartridge", a sealed plastic box containing a computer memory chip.

Software cartridges can be plugged into a wide variety of home computer, giving instant access to the games or business programs they contain, compared to the seven minutes or so it takes to load a program from a cassette tape.

Retailers now have to hold high stocks of software titles and demonstrate them quickly and attractively.

With electronic distribution, then would hold no stocks of software, only the copies stored on the Romox terminal together with a supply of "empty" cartridges.

Customers could select a program from a catalogue, view their choice on the terminal and have it loaded into a cartridge suitable for their machine.

They would be able to rent software, having their cartridge replenished with a new program when they want. Renting has so far proved uneconomic for software authors because programs supplied on cassette or disk are easily copied. Cartridges are difficult to copy because the program never becomes part of the computer's user-controlled memory.

Prism gave details of its plans to 500 retailers yesterday at a presentation in London complete with dancing girls, light show and, as a special attraction, the first "home robots" available in the UK.

Built in the U.S. Androbot Inc, the robots, "Topo" and "Fred," are small plastic-bodied anthropomorphic devices which can be programmed through a personal computer. Instructions are relayed to the robot through an infra-red link.

Topo can be taught to understand simple commands and talk through a voice recognition and generation system.

Mr Richard Hease, Prism chairman, said there was strong potential in the education and industrial training markets.

Topo, Prism's new robot, and Mr Richard Hease, the company's chairman.

OBITUARY

Michael Shanks: consumer champion

MR MICHAEL SHANKS, chairman of the National Consumer Council, who died yesterday at the age of 56, had a distinguished career which embraced journalism, business and public affairs.

As labour correspondent and later industrial editor of the Financial Times, he was one of the first journalists to investigate and explain the trade union movement. He also played an important part during the 1950s and early 1960s in developing the Financial Times from a purely financial paper into one with a much broader spread of interests.

A prolific writer and broadcaster, he wrote a best-selling and influential book, the Stagnant Society, in which Britain's poor economic performance was related to outdated practices and attitudes in industry and society.

He left the Financial Times in 1964 and after a short spell with the Sunday Times became an industrial adviser in the Labour Government's Department of Economic Affairs. With his understanding of business, trade unions and government, he proved more effective in this role than most of the industrialists recruited into the DEA, and he later became chief adviser.

He joined The Times after his DEA stint and was later asked by Lord Stokes to join Leyland as a part-time adviser. After the merger with British Motor Holdings, he joined the group on a full-time basis as director of marketing services and economic planning. This was the first of several appointments within industry, including that of director of group strategy at British Oxygen. In 1973 he moved to Brussels as director general of social affairs in the European Commission.

Returning to London in 1977 he was appointed chairman of the National Consumer Council, a post he combined with a wide range of activities in the business and academic worlds. The council said yesterday that Mr Shanks was "that unusual figure in the consumer movement, a zealous consumer champion who was also directly involved in business."

A warm and attractive personality, Mr Shanks was an all-too-rare example of someone who could move easily between the world of ideas and the world of business and government, and who had the special gift of communicating his ideas with clarity and elegance.

Pit winding men to discuss forming breakaway union

BY OUR INDUSTRIAL EDITOR

DELEGATES OF pit winders from most of the country's major coalfields will meet tomorrow to attempt to form a union independent of the National Union of Mineworkers.

Their aim after they meet at the Robin Hood pub in Edwinstowe, North Nottinghamshire, will be to secure separate negotiating rights for the new union with the National Coal Board—although leaders of the move recognise this will be difficult because of NUM opposition.

They will retain NUM membership in order to keep their jobs, but will seek as much autonomy for the new association as possible.

The leading members of the embryo group are politically opposed to the NUM leadership, as well as angry over the loss of weekend overtime which has cost the winders more than £100 a week.

Their isolation from the main body of miners was emphasised yesterday when the Midlands executive of the National Association of Colliery Overmen Deputies and Shotfirers—the junior layer of NCB management—voted not to do weekend maintenance work if NUM winders reported for duty.

Both junior and middle managers—organised by the British Association of Colliery Management—have covered weekend maintenance shifts not worked by miners because of the overtime ban. The Staffordshire and Nottinghamshire winders had threatened to break the terms of the ban and work this weekend.

The 900 striking miners at Silverdale Colliery, Staffordshire, voted to return to work at a mass meeting yesterday. They had walked out on Tuesday after refusing to work with a pit winder who had crossed their picket line last weekend.

SCOTTISH area officials of the National Coal Board met miners' union leaders yesterday to discuss the future of Polmaise colliery, near Stirling, where the board says extensive geological faults have been found, writes Mark Meredith.

News of the talks has aroused fears that the board plans to close Polmaise, which is classified as a development pit. Roadways are being driven to the coalface. About 250 men work at the pit.

After yesterday's meeting, Mr Mick McGahey, Scottish area president of the National Union of Mineworkers, said the board had agreed that union technical officers could examine the problems before a final decision was taken. The issue would also go before the union-management colliery consultative committee.

Talbot hopes to avert strike by toolmakers

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TALBOT UK hopes that a strike threatened from next Tuesday by 130 toolmakers will be deferred to allow further discussions at national level.

The company has called in Mr Ken Cure, Midlands national executive member of the Amalgamated Union of Engineering Workers, for talks on Wednesday.

The dispute marks a flare-up of a pay differential grievance that has troubled the present Talbot management — and before that Chrysler — for more than 10 years. The toolmakers were granted staff conditions some years ago, but in return agreed to accept wages £5 a week lower than the highest paid production workers.

The toolmakers claim that differentials have since widened and are demanding a pay rise higher than the 7.5 per cent awarded at the beginning of the year to all 4,000 workers.

About 110 of the toolmakers are employed at the Stoke engine plant, Coventry, which supplies components for the profitable export contract to Iran. The other 20 work at the Ryton factory, where Alpine, Solara and Horizon cars are assembled.

- The 9,500 workers at BL's Land Rover subsidiary voted yesterday to call off a threatened strike and accept the company's improved pay offer. Union officials said voting at mass meetings was 3,967 for acceptance and 3,227 against.

The only plant to vote for a strike was the main assembly factory at Solihull, Birmingham, where production is to be concentrated under a cost-cutting reorganisation plan. All eight component factories scheduled for closure over the next two years with the loss of 1,560 jobs, voted to accept.

In two days of negotiations the trade unions squeezed out an extra £2.35 a week. But the increase depends on cutting the relaxation allowance, so each worker will have to give up 40 minutes rest time a week.

Journalists suspended at BBC

By David Goodhart, Labour Staff

THE BBC yesterday suspended 36 members of the National Union of Journalists involved in industrial action over their claim for higher payments for using computers.

The journalists — including presenters Frances Coverdale and Bill Hamilton, Home Affairs Correspondent, continued to make themselves available for work but editorial management put together both the 5.40 pm and 9.00 pm news bulletins last night.

NUJ members in the news chapel (office branch) — who on Thursday blacked out the 9 o'clock news — yesterday held a mandatory meeting which slightly disrupted the 12.30 pm bulletin after they were warned at the morning news conference that any further action would be treated as a breach of contract.

The action is likely to continue and will probably spread to other sections of news and current affairs in radio and television.

The separate dispute at Thames TV over the dismissal of a director for an alleged expenses misdemeanour — is also set to continue. In addition to continuing industrial action by people working on the current affairs programme TV Eye — which was affected on Thursday — the action will probably spread to Reporting London on Tuesday and Thames News on Monday.

New Cross auditors reject criticism

BY DAVID LASCELLES

DEARDEN FARROW, auditors of the New Cross Building Society, yesterday rejected criticism of their role in the events that led to the society's closure by the Registrar of Friendly Societies on Thursday.

Dearden Farrow said they were satisfied "at all times" with the financial controls at the society, and emphasised that there had been no allegations of fraud or dishonesty.

In his White Paper ordering the closure, the Registrar said New Cross had exceeded permissible limits on special advances either because management failed to establish what the law was or did not institute proper controls.

Special advances are loans to companies or large loans to individuals and they may not account for more than 10 per cent of a society's total loans.

Dearden Farrow said they had drawn attention to the problem of special advances after conducting a review, and that the reasons for breaches of the limits "were very technical." [illegible] of the dec- [illegible] they said.

The Woolwich Equitable, which is to assume New Cross's business, said investors should get their money back in early March when the formalities are complete. In the meantime, hardship cases might be allowed to make withdrawals.

- After taking in record deposits in 1983, the building societies hope to eliminate mortgage queues in 1984, according to the Building Societies' Association.

Mr Mark Boleat, deputy secretary general, said yesterday: "The outlook for 1984 is very encouraging. Societies enter the year with competitive interest rates for savers and declining queues for mortgages."

The BSA reported receipts of £7,088m for the year, about £600m more than 1982. Loans totalled £19,341m, up 26 per cent on 1982. Building societies also made use of their new powers to pay interest gross on bulk funds, like certificates of deposit. These totalled £1,584m, up from £230m.

In December, net inflows amounted to £888m, a record for that month.

Lessons for the future, Page 17

Tate and Lyle to shut refinery

TATE AND LYLE will close its treacle and syrup refinery at Bootle, Merseyside, on April 6 with overall loss of 90 workforce and staff jobs.

Facilities at the Merton Grove plant have become outdated, said the company. Refining will be transferred

Writ issued over DIY conveyancing kit

BY CLIVE WOLMAN

A WRIT has been issued against the producers of one of the most ambitious do-it-yourself home conveyancing kits, alleging that it contains "several false or misleading statements."

The writ was issued in the High Court by Mr Michael Joseph, author of "The Conveyancing Fraud," a leading DIY conveyancing book, which attacks solicitors' conveyancing practices. Mr Joseph was involved in the writing of the conveyancing kit in dispute, produced by the Householders' Association, and his name appears on it. He is claiming damages.

The writ was issued against Mr Aaron Gershfeld, a counsellor of the association, which is based in London.

Mr Joseph said yesterday he had not been aware that the association was a private company, incorporated in December 1931. There is no indication in the DIY conveyancing kit, which was first published last month and which costs £49.95, that the association is not a voluntary organisation of like-minded people but a profit-making company.

The statement of claim endorsed on the writ alleges that kits have been sent out to the public after receipt of payment without there being adequate consultation with Mr Joseph. The kit, it claims, is not "a marketable product."

Mr Joseph says that, although the association claims the kit can be used for the conveyancing of unregistered property, the only material available deals with registered property. All customers are sent the kit even if they are buying unregistered property, Mr Joseph claims.

A further claim concerns the failure of the kit to supply an insurance policy, although insurance backing by Lloyd's of London to protect the user against errors was one of the chief features used in promoting the kit.

Mr Gershfeld said yesterday that although a kit for unregistered property or for leasehold property had not yet been prepared, any customer who had mistakenly bought the registered freehold kit could have his money refunded.

Insurance cover was available despite the absence of a policy document, he said.

In its promotional literature the association claims to derive its revenue "entirely from membership subscriptions and where it recommends products or suppliers, takes absolutely no commissions or contributions."

However, to be included on a recommended list of household products or suppliers a company is obliged to pay a £40 "registration fee" for one product category (there are 89) in one area of the country.

BR stake in Hoverspeed may be sold

By Andrew Fisher, Shipping Correspondent

TALKS on the future of Hoverspeed, the cross-Channel hovercraft operator, could lead to the sale by British Rail of its 50 per cent stake to fellow shareholder Broströms of Sweden.

A final decision has yet to be reached but such a move would form part of BR's efforts to sell its non-rail activities. Its Sealink ferry subsidiary is due to move into the private sector this year.

Top management changes are taking place at Hoverspeed, which hopes to move into profit this financial year after making losses in each of the last two years to October.

Mr John Cumberland, the managing director, resigned several weeks ago to pursue other interests. Mr Gerry Draper, a former British Airways marketing director, is acting managing director and deputy chairman until a full-time replacement is found.

Hoverspeed was formed in 1981 from the merger of Hoverlloyd, which was owned by Broströms, and British Rail's Seaspeed. It forecast profits of at least £2m for 1981-82, but suffered problems with reservations.

Sealink UK is likely to be sold this summer, with a possible tag of more than £50m. The Government wants to sell to the highest bidder rather than opting for a private placement.

Interest has been shown by Trafalgar House, which is also awaiting the report by the Monopolies and Mergers Commission next month on its bid for P & O. Sea Containers, which operates the Orient Express to Venice, has also expressed interest.

Sealink would prefer half the BR shares to be placed privately, with the remaining stake sold later when results improve.

So some City analysts expect Sealink to report pre-tax profits of at least £5m for 1983 after a loss of £6.4m in 1982. The sale price will depend on how much of the group's £150m debt is written off.

Women say men paid more in construction industry

BY OUR INDUSTRIAL EDITOR

THE HANDFUL of women in the construction industry believe they get lower pay, less training and fewer promotion chances than men.

A survey by the Union of Construction, Allied Trades and Technicians, the main building union, shows that:

- More than half the women questioned (57 per cent) said men were paid more than women for doing similar work.
- Half the respondents said men had the skilled jobs in their workplaces while women did unskilled work.
- A large majority — 85 per cent — said men get more promotion chances and better jobs.

The survey also indicated that of the 15 women who applied to the biggest construction companies for apprenticeships in 1981-82, none were taken on. The same number applied for apprenticeships to local authorities, and four were engaged.

Of the 90 women who replied to the survey, 39 were carpenters, 25 were painters and decorators, 19 were labourers, four were bricklayers and one was a plasterer.

Channel ferries threat

BY BRIAN GROOM, LABOUR STAFF

SEAMEN'S LEADERS at Dover will urge their members to disrupt ferry sailings to the Continent by unofficial industrial action in a bid to save the Dreadnought Seamen's Hospital at Greenwich from closure.

The 3,000 Dover seamen, on 20 ships, will be asked their views early next week. If they accept the recommendation, support will be sought from colleagues at Liverpool, Cardiff, Belfast and Felixstowe, who have also suggested that the closure be fought.

Mr Bill Brankley, NUS executive member at Dover, said before a meeting of the union's P & O, Sealink and Townsend Thoresen committees there yesterday: "By the end of next week you will see the stoppage of quite a few ports in Britain."

Dispute may hit Sunday Times

PRODUCTION of tomorrow's Sunday Times could be stopped by a dispute involving the clerical chapel (office branch) of Sogat '82 at Times Newspapers. Members of the clerical chapel usually pay the casual workers essential for the paper's production. The Times issue of Monday morning could also be disrupted.

The clerical chapel went into dispute at the start of the week when a new manager for the paper's picture library was appointed from the management section of Sogat, not the clerical section, as has been the practice.

Privatisation challenges union structures

By David Goodhart, Labour Staff

PUBLIC SECTOR unions will have to rethink radically both their organisation and style of operation if they are to survive after privatisation, says a National Union of Railwaymen paper.

It is one of several to be presented today at a privatisation conference organised by the London region of the Post Office Engineering Union, at Central Hall, Westminster.

The NUR submission takes British Transport Hotels' privatisation as a case study and says: "It forced us to re-examine our role and function as a trade union."

Before privatisation, the union negotiated centrally with BTH over pay and conditions. "But now the strength of local organisation is critical to the survival of NUR representation in the hotels and we are conscious of the need to invest more resources at this level."

The NUR has also lost the closed shop in many privatised hotels which meant having to start almost from scratch with some members re-establishing the benefits of trade union membership.

The paper says "Many public sector unions negotiate nationally and so our experience of being too centralised to function properly after privatisation, we are sure, will not be unique."

Hazel Duffy examines the problems facing British Rail Engineering

Rolling towards a more independent future

BRITISH RAIL Engineering faces a tough future. This week it announced it would cut its workforce by 3,500 this year.

But it seems unlikely that even these cuts, which will bring the workforce down to about 24,000, will be sufficient to ensure its viability as a company which is being forced to stand more apart from its parent, British Rail.

Brel is a wholly-owned subsidiary of BR, which builds and overhauls BR's fleet of locomotives and rolling stock. In its manufacturing role, it is almost unique — only Indian Railways own the manufacturers of its equipment. All other railways buy from independent companies.

This rather cosy in-house arrangement between BR and Brel has persisted for about 15 years, with Brel being the almost exclusive supplier of BR equipment. Now it is changing.

The BR board decided early last year, after the Serpell committee reported on BR (and was particularly critical of aspects of its engineering and maintenance arrangements) that Brel should become "a more commercially orientated company with sharper in-house independence."

The way in which this will operate has not been made clear. Brel has always had an "arm's length" relationship with its parent and customer. The BR board rejected suggestions from Serpell that Brel might be better split up, and parts sold off to the private sector, in favour of retaining it as a subsidiary. Br is saying, however, to Brel: "You have got to stand on your own feet."

One way in which this is being done is by BR going out to competitive tender. In the past year, contracts have been placed with Metro-Cammell as well as Brel for a prototype short-haul diesel replacement, and with GEC and Hawker Siddeley for a prototype electric version of the HST locomotive.

BR is also asking four companies in addition to Brel to tender for a major order comprising the lightweight rolling stock intended to become standard on some suburban services. The companies include Leyland, with whom Brel is already in partnership in building the Railbus.

Brel management is faced with the full force of competition at a time when BR's forecast requirements are substantially less than they were in the 1970s. When the rail unions argue that BR's declining needs are the result of insufficient investment in the railways, they are only partly right. BR's more modern equipment, particularly the HST's, require considerably less maintenance than the traditional locomotive-hauled trains, and they are designed to be much more intensively used than older rolling stock.

The doomed Shildon and Horwich works, both builders of wagons, are an example of BR's changing requirements. BR has reduced its wagon fleet substantially with the replacement of the old wagons by modern Speedlink equipment, leaving the works largely dependent on export orders.

Brel is fighting hard to win export orders, but it is an uphill struggle for a company which traditionally only turned to exports when there were gaps in BR orders. Most of the markets are in the developing world. The developed countries have their own manufacturers of rail equipment in an industry which tended to be highly nationalistic.

Third World orders are hard to come by — Brel has been chasing an order from Nigeria for the past two years which is still awaiting financing permission from the Nigerian Government. A £23m order from the Congo nearly a year ago looked as though it would keep Shildon occupied for some time, but the order has still not been implemented.

In spite of the difficulties which Brel faces, the company is evolving towards an independence which will ensure it is better placed in export markets. The original arrangement where Brel built to BR design has ceased. Brel now has design responsibility, and it will be able to free itself from BR dominated design requirements.

The adjustments which Brel faces, however, are painful, and all the more so for being overdue. Brel management's hands have been tied by the opposition from the National Union of Railwaymen (which has many members in the workshops) to enforced redundancies — all other redundancies in BR have been voluntary—and this has threatened to provoke strikes paralysing the BR network. Where management has stepped back in the past, however, today's intense financial pressure on BR to make savings wherever possible will determine the future of Brel.

MONEY MARKETS SAVINGS OFFERS

Page

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THE WEEK IN THE MARKETS

Through 800 at last

LONDON

ONLOOKER

Gilts and equities have been doing their best to ignore sterling this week. On Monday, as the pound dipped below $1.40, the FT 30-Share Index closed at a record 800.00 and gilt-edged prices refused to weaken, the Actuaries All Stocks Index climbing by 0.18 per cent on the day.

The brief bout of euphoria was soon choked off on Tuesday. December's money supply figures may be open to a certain amount of suspicion over the precision of seasonal adjustments but they certainly underline the point that the Government is going to have to keep those gilt issnes coming. And talk that interest rates might be kicked upwards did nothing to calm investnrs' nerves even if that prognosis looked unduly alarmist. By Wednesday night the 30-Share was back at 790.0.

Friday the 13th, however, was not a disaster, unless of course you are a shareholder in London and Liverpool. By yesterday interest rate fears were relegated to a false alarm and prices were *moving forward again*.

Empire building

One surprise of the week was the news that Empire Stores, smallest member of the qnoted mail order sector, is placing 4.8m shares with two private Italian retail groups, giving them a 20 per cent stake in the company.

Despite the management'a assurances that the move is positive rather than defensive the cynical were quick to view the deal as fortress building just in case another predator is going over the Empire mail order catalogue with a alide rule rather than with a view to filling in an order form.

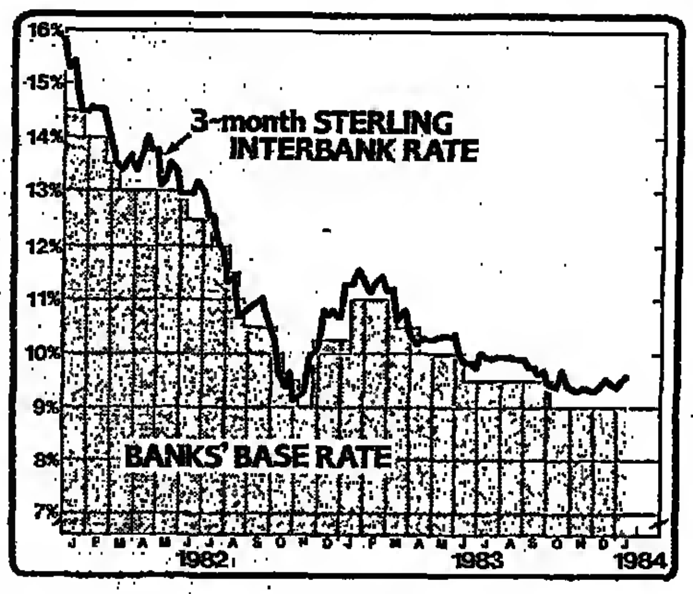
The two Italian groups are Gecos and Selefin. Gecos is a major food retailer with 62 supermarkets, two hypermarkets and 110 discount stores. Selefin is a ladies fashionwear retailer with 50 or so outlets. Gecos will be taking a 15 per cent holding and putting its chairman on Empire's board while Selefin will end up with a 5 per cent stake. Between them they are paying £3.7m fnr the 4.8m shares which will go straight intn Empire's coffers.

The rationale, according to Empire, is straightforward enough. Gecos is perhaps one of Europe'a leaders when it comes to applying high technology developments to retailing. Selefin, meantime, will give Empire much needed expertise and buying power in the world of Italian fashions.

Evidently the two Italian companies and Empire were talking three years or so ago, long befnre the British company became a takeover target. Empire, of course, was on the *receiving* end of a *£37m* bid from Great Universal Stores, one of the major players in the mail nrder scene. That bid was aborted by the Monopolies Commission but it left *GUS sitting* on a 29.9 per cent. Empire later snubbed an attempt by Sears Holdings to create a new force in the sector with proposals to put Empire and Grattan together. The Department of Trade has told GUS that it has till the end of the year to rednce its Empire stake to under 10 per cent. Meantime it can only vote with that amount.

GUS's holding could have been a useful springboard for a third party to make a bid. Empire has now drawn the fangs of that particular beast. Not surprisingly its new Italian holders are hamstrung by all sorts nf conditions—they cannot buy more shares and they cannot sell without offering Empire the chance to line up a friendly buyer.

Empire may be *tempted* to overplay the virtues of its new partners, but clearly the "side effects" of having an extra £3.7m in the kitty plus a fifth of the equity in friendly hands should add up to more than just a useful bonus for the group.



Asda's interim

There was no quibbling with Associated Dairies' half-time results. For the 28 weeks to mid-November pre-tax profits are up by over 47 per cent to £48.7m, a performance which leaves Sainsbury's 28 per cent advance over roughly the same period looking decidedly tame.

Asda did, however, have some *rather exceptional factnrs nn its* side and the retailer can hardly hope to keep up that sort of performance for long. For a start the comparable period had to cope with an extraordinary bulge in the group's new store opening programme. Eight out of ten new openings last year came intn the first half, compared to just four in the latest six months. Those eight stores are now contributing to profits rather than clocking-up expensive pre-opening costs, and these figures have been boosted by around £4m at the profits line as a result.

Also Asda's carpets and furniture retailing businesses are at long last showing signs of recovery. Indeed in a retailing boom shareholders would have good cause for complaint if Asda's diversification had failed to show some returns. Both Allied Carpet and Wades produced sharp profits upswings, while the loss-making UKAY chain has now disappeared.

That said Asda's performance is none-the-less impressive. On a *like-for-like* basis food volume is ahead by 3 per cent while non-food is up by 6.7 per cent. With a higher fresh food content in the sales mix to complete the picture, operating margins are more than a full point up at 4.92 per cent. At the pre-tax level Asda is returning 5.56 per cent on sales.

So, unless the upsurge in consumer spending takes a serious knock in the next couple of months, group profits should come out around the £105m mark, against £77.4m. Meantime cash resources are piling up, despite hefty capital expenditure of £70m. Money in the bank is not far off £100m.

MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1983 High	1983 Low	
F.T. Govt. Secs. Index	83.33	− 0.21	83.77	77.00	Dearer UK money scare
F.T. Ind. Ord. Index	808.1	+13.8	808.1	596.4	New Year euphoria continues
Anvil Petroleum	70	+20	80	32½	Speculative buying
Assoc. Newspapers	448	+35	448	138	Impressive annual results
Barr (A.G.)	238	+25	286	200	Good preliminary results
Booker McConnell	115	+29	115	61	U.S. bid rumours
Chambers and Fargus	38	+10	38	23	Takeover hopes
Charter Cons.	262	+27	303	205	Re-organisation rumours
Costain	264	+20	264	186	£52m Australian contract
De Beers Dfd.	580	+42	700	382	Re-organisation rumours
French (Thomas)	250	+30	255	105	Good annual results
Leyland Paint	20½	+ 5	24	13	Bid approach
Lotus Car	68	−12	81	16	Inland Revenue claim
Midland Bank	420	+40	455	272	Denial of Crocker bid rumours
Phoenix Assurance	458	+71	458	288	Allianz bid speculation
Phoenix Timber	114	+18	114	56	Press comment
Radiant Metal	85	+25	95	33	Vague bid talk
Saxon Oil	290	+45	295	54½	Vague takeover talk
Strong and Fisher	193	+49	218	27	Persistent speculative support
Stylo	305	+57	315	100	Harris Queensway acquire 5.1%

MEPC's debenture

MEPC, the country's second largest property group, stepped back into the corporate bond market this week for the second time within eighteen months. It has placed £70m of forty-year debenture stock with a coupon of 10½ per cent.

In the market the stock was lapped up by institutions who are short of long-dated company loan stocks. Most finance directors, it seems, are sitting on the sidelines hoping to see rates fall further before they start issuing paper. The weakness of the gilt market, however, contrived to see the price open at a discount when dealings started on Thursday. Still there were not many sellers—nobody wants to make a loss two days after buying stock—and the price firmed to hold around the issuing level.

From MEPC's point of view the immediate running cost of the debenture is lower than that of the variable rate debt it has been funding. And while the group may have jumped in ahead of the crowd, the risk that cheaper debt might be available in future is something that the directors can live with. At least shareholders have been spared a rights issue.

MEPC's development programme over the next four to five years is set around the £100m mark so this issue should satisfy the group's cash needs for a couple of years at least. Beyond that MEPC could be a regular visitor to the bond market — rates permitting.

In raising this capital the group is tying itself down to "deficit financing" for five years or more. Funds raised will be used to finance developments that may only return 6 or 7 per cent until the first rent review. By then MEPC hopes rents will have moved up sufficiently for it to increase its charges and make a positive return on the money it is borrowing. So for at least five years, and probably longer given development time, MEPC can expect to be making a running "loss" on the money it is borrowing now.

Viewed the other way MEPC can look forward to 33 or 34 profitable years out of its 40-year debenture. Meantime such is the size of the group's portfolio that the steady stream of rent revisions on its older properties will easily swallow up the costs of financing its newer ones.

Elsewhere in the fixed interest market dealers are now wondering how much loan stock BAT Industries will be issuing in a week or so. Under the terms of its bid for Eagle Star, BAT is offering 12½ per cent loan stock dated 2003/2008 as an option for accepting Eagle holders. All the market knows at present is that BAT will be issuing somewhere between £25m and £300m—the limits BAT has set itself.

Printing profits

Not only is Fleet Street sitting on its Reuters gold mine but it is now demonstrating that profits can be made out of publishing newspapers. Associated Newspapers unveiled its full year figures showing a turnround of more than £5m into the black by its newspaper and magazine interests.

With profits of £2.9m against losses of £2.53m from publishing, Associated's overall pre-tax line climbed from £11.47m to £16.46m, way ahead of most expectations. Yet that conceals the continuing, albeit smaller, losses from the Mail on Sunday thought to have been close to £20m last year. The Daily Mail was probably trading the right side of break even.

The real punch behind publishing profits came from the group's list of provincial titles which have prospered from improved demand for advertising and better rates.

Lower newsprint costs helped right through the publishing division though there was another side to the coin in the shape of reduced income from its stake in Consolidated Bathurst, a listed Canadian forest products company.

As expected oil profits from the North Sea are slightly down but the full impact of reduced production was offset thanks to the strength of the dollar against sterling. As the Duncan discoveries flow through to offset lower Argyle production oil profits could soon bounce back, perhaps this year.

With the perenial caveat over labour disruption in Fleet Street, the Mail on Sunday should reduce its losses this year and Associated could be heading for profits of £20m. That in itself might not be enough to support a share price which has more than trebled over the last year but the 10 to 12 per cent stake in Reuters should provide a pretty penny this spring.

Terry Garrett

Mood of caution

NEW YORK

TERRY DODSWORTH

AFTER 18 months of growth, the Wall Street bull market is losing its skittishness. Maturity has led the indicies into a more sober phase of adjnstment, and any lurch of excitement is likely to be followed by a swift move to dampen down rekindled enthusiasm.

So it was this week. After the suddent post-Christmas spurt in the Dow Jones Industrial Average, the equity market slid steadily back again, with a net fall over the first four days of trading of 7.33 points.

The reason for this changed and more cautious mood in the stock market, perceptible since the summer, is not hard to detect. The U.S. recovery is now well established, and has met the market's most ambitious dreams of 12 months ago.

From now on, it is a question of how long the resurgence will continue, how strong profits will be, and to what extent earnings can generate yields to compete with the hefty returns available on bonds.

The consensus of Wall Street comment since the turn of the year is that 1984 will see the earnings gains of the previous year solidly consolidated, with net profits rising around 20 per cent for the full 12 months.

In the first quarter, and to some extent the first half, the gains should be dramatic compared with a poor first quarter last year. In the last half of the year, however, the figures will be competing with aggregate advances of around 30 per cent in 1983. In addition, the quality of these earnings will be immeasurably higher than in the very recent past, as inflation dribbles out of the system.

Against this strong underlying foundation for the market, however, there are some imponderables which are making a further runaway advance look unlikely.

For a start, it is a Presidential election year, and while this usually produces excitement and a strong market for a while, a couple of polls unfavourable to the sitting president—who is scheduled to decide whether he will run in a few weeks' time—could easily upset the apple cart.

Secondly, the market remains stuck, as it was throughout the second half of last year, with a relatively high rating compared to fixed interest securities. According to portfolio investment flow analysis, institutions have switched heavily into equities since the rally began in 1982, and there still remains some room for further expansion to conform with historic averages.

Even so, it is hard to envisage a big jump in the market that would widen still further a yield gap which is already larger than most traders can remember.

Dividend yields on the Dow Jones 65-Share Composite Index now stand at around 4.20 per cent, against the Treasury's 12 per cent Long Bond's 11.80 per cent, and a rate of 12.8 per cent on Long Term Double A Industrial Bonds.

In the short term, the market has been looking for some relief from a downward shift in interest rates. Some *commentators* are already claiming to detect a slightly more relaxed monetary policy—and yesterday's retail sales figures, showing a considerable easing in the Christmas-inspired boom, suggests that there may be room for the monetary authorities to manoeuvre over the next few weeks.

Even so, it will not be easy to shift long term rates very far. There is a heavy demand for funds to finance the Government deficit, while industry's needs are growing, and inflationary anxieties remain strong.

In the short term, much of the stock picking interest this week has been concentrated on the oil sector. The Texaco knock-out bid for Getty Oil has not only sparked interest in what used to be regarded as the dowdiest of the seven sisters, it has also attracted attention to an out-of-favour sector where stock market valuations invariably stand well below realisable energy assets — a point which Gordon Getty was emphasising in his successful effort to force up the value of Getty Oil.

Wall Street's slide rules have consequently been run over a host of second division oil companies this week — Superior, Unocal, Sun, *Louisiana* Land and Exploration, and even Pennzoil, the original suitor for Getty which was eventually beaten by Texaco.

Several oil company prices have fluttered under this scrutiny, although by far the major interest was in Texaco itself, which has only put on $2 to $38, but has seen enormous blocks of its stock changing hands.

MONDAY	1286.22	−0.42
TUESDAY	1278.48	−7.74
WEDNESDAY	1277.32	−1.16
THURSDAY	1279.31	+1.99

UK CONVERTIBLE STOCK 14/1/84

Statistics provided by *DATASTREAM International*

Name and description	Size (£m)	Current price	Terms*	Conversion dates♧	Flat yield	Red yield	Premium† Current	Premium† Range‡	Income Equ§	Income Conv¶	Income Div♡	Cheap (+) Dear (−)◇ Current
British Land 12pc Cv. 2002	9.60	343.50	333.3	80-88	3.5		− 5.0	− 7 to 2	35.5	42.1	1.8	+ 6.8
Hanson Tr. 9½pc Cv. 01-06	81.54	276.00	107.1	85-01	3.6		− 4.6	−12 to −2	169.0	73.9	−32.8	−28.3
Slough Ests. 10pc Cv. 87-90	*5.03*	*264.00*	234.4	*78-85*	3.8		− 8.4	−11 to −5	18.5	9.2	− 3.2	+ 5.2
Slough Ests. 8pc Cv. 91-94	24.72	119.50	97.5	80-89	6.7	4.9	− 0.4	− 3 to 6	26.4	29.8	2.8	+ 3.2

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness. ♧ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

The Revenue's error

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

BY OUR LEGAL STAFF

Inland Revenue informs me that it made an error in my income tax for 1980-81, 1981-82, 1982-83. The total for the three years is £9,000. It is now asking for this to be paid.

Am I required to pay?

It has asked for payment at £1,000 per month for nine months over which period interest will be charged which cannot be debited to my business. Is this so?

Is there any other way that I can pay the figure at minimum cost to me personally?

Would one possibility be borrowing the £9,000 from the bank and paying the income tax in one lot and the interest for the bank loan being charged to my business?

1 Yes, unless you qualify for relief under extrastatutory concession A19. Ask your tax inspector for the free booklet. 2—Yes, because of section 90 of the Taxes Management Act 1970. 3—Yes.

Maybe you would find it worthwhile to get an accountant to check your tax position.

A gift for the daughter

My wife and I would like to give our married daughter a gift of £10,000.

Could you please inform us of the best way of doing this to avoid tax on the gift?

A gift of £10,000 from you or your wife (or, say, a gift of £5,000 from each of you) will not attract CTT, unless you have already used up your respective zero-rated bands—which seems unlikely. An explanatory booklet, CTT1, is obtainable (free) from the Capital Taxes Office, 16 Picardy Place, Edinburgh EH1 3NB.

A clause in the deeds

The house is in the joint names of my sister and myself, and a clause in the deeds states:—'until the expiration of 21 years from the death of the survivor of the said (my name) and (my sister's name) the trustees for the time being of this deed shall have the same full and unrestricted power to mortgage charge lease or otherwise dispose of the whole or any part of the said property with all the power in that behalf of an absolute owner.'

My sister died in April last year, and I should be pleased to hear if you consider the above clause in the deeds for the house exempts my sister's estate from the payment of Capital Transfer Tax, on her half share of the house.

The probate people say it does not.

The Capital Taxes Office is correct—the clause has little or no practical effect, and no CTT consequences.

Gifts tax on shares

My father died in September, 1974, so Estate Duty was paid at the old rate, before CTT was introduced.

I paid "Gifts Tax" on several holdings of shares under the "7 year rule" in operation at that time.

Can I add on to the acquisition price the amount of gifts tax paid when I dispose of such holdings and may then be liable for CGT?

No. The fraction of each shareholding which was actually charged to estate duty (after tapering relief, if any) is deemed to have been acquired on the day of your father's death, at the value upon which the estate duty was calculated. This rule is set out in section 25A of the Finance Act 1965, as inserted by the 1971 Finance Act (and preserved by paragraph 10 (1) of schedule 6 to the Capital Gains Tax Act 1979).

Accountants and a form

I am in receipt of funds from a discretionary Trust. These funds are given to me net of UK taxes. In order for me to complete my tax return to H.M. Inspector of Taxes I am required to furnish the form R185. My problem, however, is that the chartered accountants acting for the Trust either cannot or will not furnish me with this form. I have written repeatedly, but they ignore all letters. As you can imagine, I have no control over their actions since I do not formally instruct them or indeed pay their fees.

Is it in order for me to send my tax return forms to H.M. Inspector of Taxes without the R185 and explain the situation to them by letter. Alternatively, can you please give me an idea of line of action that I might adopt in this case.

In your tax return you can simply insert the name of the trust, the name and address of the principal acting trustee and the gross figure (which will be 20/11ths of the payments actually received in the tax year, since 45 per cent tax is deemed to have been deducted).

If you need an R185, in order to obtain a repayment of some or all of the 45 per cent tax (or to obtain double taxation relief, under section 18 of the Finance Act 1973), you should write to the Trustees, since it is their responsibility to give you a certificate, by virtue of section 55 of the Income and Corporation Taxes Act 1970, as amended in 1973.

Coming home to tax

I am considering returning to the UK to live. Can you please give me information on my UK income tax liability where my income is as follows:

Pensions income	£18,500
Investment income	£25,000
	£43,500 pa

I am 65 years of age and my wife is 55. We have no dependants.

As I do not have the tax tables and as these may be difficult to interpret, your advice will be much appreciated.

If the pensions arise in the UK, and relate to your own employment (not your wife's), your prospective UK tax bill would be as follows (at 1983-84 rates), for a year in which you are resident and ordinarily resident in the UK, as well as being domiciled in England and Wales (or in Scotland or in Northern Ireland):

£				£
2,795		exempt		
14,600	at	30%	=	4,380
2,600	at	40%	=	1,040
4,600	at	45%	=	2,070
1,005	at	50%	=	502.50
6,095	at	65%	=	3,961.75
7,100	at	70%	=	4,970
4,705	at	75%	=	3,528.75
43,500				20,453

Any additional pension would attract 60 per cent tax, and any additional investment income would attract 75 per cent. Foreign pensions would attract only 54 per cent tax (ie 60 per cent on 90 per cent), as explained in a free booklet IR25 (Taxation of foreign earnings and foreign pensions), which is obtainable from the Inland Revenue Public Enquiry Room, West Wing, Somerset House, Strand, London, UK WC2R 1IB.

The size of your income (and the likely size of the accrued capital gains—in sterling sums—on your bank balances, investments etc) will undoubtedly justify the expense of obtaining professional guidance through the UK tax minefield, well before your return.

If you are considering coming back to the UK in 1984-85, we recommend you to seek professional guidance quite soon, so that any anticipatory action (such as washing out accrued capital gains) can be taken before April 6. Local accountants may well be able to help you, either personally or by putting you in touch with their UK associates.

Fixed fittings

I have a cottage, let unfurnished at a token rental to an old lady, once a domestic help, who at that period lived in the cottage free. Some 12-15 years ago, she put in at her own expense two fitted gas fires, the automatic-lighting kind. My question is—at her demise or moving on to an old person's home, are these fires considered to be mine or hers? If the latter, would the problem of taking out these fires and the making good by her family, be solved by my offering them a sum of money so that they may remain for my sale or consequent re-letting of the property? I had some notion that an apparatus actually fixed belonged to the landlord. I should like to have your opinion on this.

If the fires are physically fixed to the structure of the property, and not just resting on their own weight, they most probably belong to you. If they rest on their own weight they will be removable by the tenant, and that will also be the case if there are fixings which are cosmetic rather than an essential means of establishing the fires in their present site. Any damage caused on removal would have to be made good by the tenant.

Stars and Stripes

BY KENNETH MARSTON

"HOORAY for the U.S. of A!" cries the diamond trade, and with good reason. Had it not been for the strength of the U.S. economic recovery and the Wall Street boom which resulted in a sharply increased demand for diamond jewellery there at Christmas, world diamond sales would again have looked rather sickly in 1983.

About one-third of world sales of polished gem diamonds are made in the U.S. and, of these, some 40 per cent take place at Christmas. On the latest occasion brisk business was reported at leading houses such as Tiffanys, Harry Winston and, in Dallas, Texas, Neiman-Marcus.

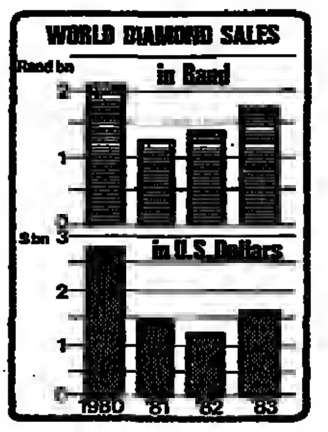
As a result, U.S. sales for 1983 as a whole are expected to have risen by 10 per cent. But in Japan, the next most important market, diamond sales were little changed last year and those in Europe were by no means buoyant.

Diamonds are priced in dollars and because of the strength of the dollar other countries had to accept painful "stripes" in the shape of higher prices in their own currencies and this, of course, put a damper on demand.

Even so, the value of world sales of rough (uncut) diamonds handled by De Beers' Central Selling Organisation (CSO) last year rose by 27 per cent to $1.6bn (£1.14bn)—still well down on the 1980 record $2.72bn—while in terms of South African rands they improved 30 per cent to R1.77bn.

At the retail level, demand remained strong for the very small gem diamonds in which the Indian cutting and polishing industry specialises. But it gradually strengthened into the middle ranges of more expensive goods, which helped the Israeli cutters.

At present, demand is reported to be strong for gems of two carats upwards (there are 142 carats to the ounce) which sell from $2,000 per carat up to about $5,000 per carat at wholesale level—retail prices can be double these. But the even more expensive so-called "investment" category diamonds remain out in the cold.



Encouraged by a good demand at this time last year, the CSO raised prices of its roughs by an average of 3.5 per cent in April. But the move misfired and demand subsequently weakened again so it is very unlikely that the CSO will risk choking off the present recovery by making any further price increases in the near future.

In all, the outlook for the current year is bright, although the key continues to be a maintenance of the U.S. economic recovery. We will probably see a better demand from Japan and Europe as De Beers busily beavers away with its $85m spending on diamond promotion.

The sharemarket's initial reaction to the 1983 diamond sales figure was one of disappointment, particularly with the fact that sales in the second half of the year were less than those of the first six months. This, however, showed a return to the more normal pattern whereby first half sales are boosted by cutters replenishing their stocks after the Christmas trade.

De Beers, via the CSO, has had to carry a big and growing stockpile of unsold diamonds, particularly of the larger sizes. Chances are that the stockpile has stopped increasing in recent months and that the total for 1983 — due to be disclosed in March with De Beers' annual results — may be only slightly higher than the end-1982 figure of R1.33bn.

Taking second thoughts, therefore, the sharemarket has become bullish of De Beers in the hope that this year's earnings will be given a boost by the long awaited sales from the big stockpile. This may well be the case, but a wary eye should be kept on the group's non-diamond interests.

The latter include major shareholdings in Anglo American Corporation and Anglo American Industrial Corporation, both of which are now living in less prosperous times.

De Beers may declare a modestly increased dividend for 1983 — it was cut by 12½ cents to 37½ cents in 1982 — but, like the diamond market, the group still faces a longish haul to full recovery.

So does the market for gold. In the December quarter of last year the price of bullion fell 7.2 per cent to an average $387 per troy ounce from the level of the previous three months. Thanks to the exchange rate advantage, the price received by the South African gold mines in the *Consolidated Gold Fields* group was only 1.9 per cent lower at R14,705 per kilogramme.

At the same time they managed to lower their total production costs—for the first time in at least 10 years—and they mined more of the higher grade ore, thus increasing output of gold metal. In some cases the tax charges were reduced owing to the offset of capital spending and, overall, they lifted net profits by 5.9 per cent to R165.3m. Well done!

So while the U.S. dollar and interest rates ride high, gold has to take a back seat. But things change and the dollar need not be king for ever. When it eases, the gold price is likely to rise and the jewellers, who reduced their purchases last year, may find themselves competing with other buyers if they want to stay in a business which is picking up.

MONEY MARKET FUNDS

Cheques, credit . . . but no secure niche

THE LAUNCH of deposit accounts with chequebooks which offer high rates of interest in line with those obtainable in the money markets caused a major upheaval in the U.S. banking sector.

But their emergence in the UK over the last 12 months has had a much more muted impact primarily because the timing has been unfavourable.

On the one hand, they faced unequal competition from the offshore roll-up funds which were offering approximately the same rate of interest as the money-market funds. But thanks to their location, usually in the Channel Islands, and their convoluted structures, their investors were liable only to capital gains tax, if on the interest rather than income tax.

Since the New year, however, the tax privileges of the offshore funds have effectively been ended. To attract some of the money coming back onshore, two new funds have been launched this week, by the unit trust management group M & G in conjunction with the merchant bank Kleinwort Benson, and a second fund launched by J. Henry Schroder Wagg.

However, the money-market funds remain overshadowed by a far larger and more powerful competitor, the building societies.

In real terms, after adjustment for inflation, the rates of interest offered by building societies to their investors stood at an all-time record high during 1983.

The differential of the building societies' interest rates, when grossed-up, over the banks' base rate or the interbank rate has also been standing at a record high.

At present the interest rate on building society ordinary share accounts, on which money can be withdrawn immediately without penalty, can be as high as 11.8 per cent on a grossed-up basis. For term shares the rate can be as high as 12.9 per cent.

By contrast, the money market funds are currently offering gross interest rates which are barely in excess of 9 per cent, even when calculated on an APR basis.

The differential is likely to narrow over the next 12 months. The present high level of building society rates partly reflects the drive to eliminate the long mortgage queues that developed last summer when the societies had insufficient funds to meet the upsurge in demand.

But the building societies are also given a more permanent competitive advantage by the tax system. Firstly the composite rate of taxation means that taxpaying building society investors are subsidised by non-taxpaying investors. Secondly, the tax relief on mortgages allows mortgagers to afford higher rates of interest for their loans which in turn means that the building societies can pay more to investors.

For this reason, building societies are always likely to have the interest rate edge over the money market funds, except perhaps wheo inflation is bigh and the building societies feel unable to pusb up too high their interest rates to mortgagors.

But the mooey market bank accounts have a potential advantage over the money market trust funds in their range of services. They can offer a credit card (although not all do) and a cheque book allowing cheques to be drawn directly on the account. But there is a minimum transactioo amount for cheques, normally as high as £250.

For the last two years, bowever, the Leicester building society bas also beeo giving its investors a cheque book, through a link with Citibank and credit facilities through its Leicestercard. It imposes no mioimum transaction amount.

The Schroder Special Accouot, a mooey market fund launched this week, bas added a further service by allowing an automatic overdraft facility to its depositors. The overdraft bas to be secured by boldings of Scbroder unit trusts and certain life policies.

This is half way towards the more comprehensive "financial supermarkets" launched by Hambro Life Assurance in the autumn.

It is by developing this range of services that the money market funds may gain a competitive advaotage over the building societies.

Clive Wolman

MONEY MARKET TABLES

IN RECENT weeks, the Financial Times bas started publishiog a table (see page 25 in today's issue) sbowing the rates of interest being paid by most of the money market funds.

Two rates of interest are quoted, the nominal and the Annual Pereeotage Rate. The nominal rate of interest represeots the amount you will receive if you withdraw your interest as soon as the payment is made.

The APR represents the percentage rise in the value of your deposit after a year if interest payments are not withdrawn but allowed to accumulate within the fund. If interest is paid only at the end of the year, the nomioal and APR figures will be identical. But if interest is paid out quarterly, monthly or eveo daily, the APR figure will be significantly higher because of the compounding effect of the interest itself earning interest.

For purposes of comparisoo between the fuods, therefore, the APR figure is a better indicator.

The table also distinguishes between the trust funds and the bank accounts. The trust funds are obliged to match precisely their assets and liabilities so that the call funds are restricted to iovestiog in the call and overnight markets. This ensures greater security for the investor who is guaranteed the mooey market rate of interest minus a specified management fee.

The baok accouots should offer a higher rate of interest because they can invest in a wider range of assets. But the security is less because the iovestor's money is merged with the assets of the company. In practice, however, the difference in interest rates offered by the two types of fund is very small.

WORLD STOCK MARKETS . . .

Stodgy Germany livens up

John Davies in Frankfurt explains how the German stock markets work and discusses prospects for the economy

PRIVATE SHAREHOLDERS—are less of a force in the West German stock market than in London or Wall Street. There is little sense of a fast-moving scramble.

"Stocks in Germany have never really been owned in a big way by the public," says Herr Max Warburg, a partner in the private bank of M. M. Warburg - Brinckmann, Wirtz and Co, based in Hamburg and Frankfurt.

"There are historical reasons for this. In view of all the crises this century, the German private individual is reluctant to buy stocks. But during the last two or three years he has become more educated and is moving more into the market."

Private individuals, such as self-employed dentists and doctors or middle-class employees, have been inclined to invest in government bonds, which have offered safety and high interest rates. They have also tended to invest abroad or in real estate projects which offer tax advantages.

Companies registered on the West German stock market are owned to a *considerable* extent by other companies, including banks and insurance companies. More than half the shares are estimated to be in "festen Händen"—in firmly-held investment packages not normally available for trading.

Pension funds are not such prominent investors as in the UK, as pension money is generally tied up as part of a company's own funds.

With local investors unused to letting off fireworks, foreign investors—notably from the UK, the U.S. and Switzerland—have been playing an increasingly important part in setting the tone of the German market.

They *have* been attracted *not* only by the prospect of share market gains but also by the apparent cheapness of the Deutsche Mark.

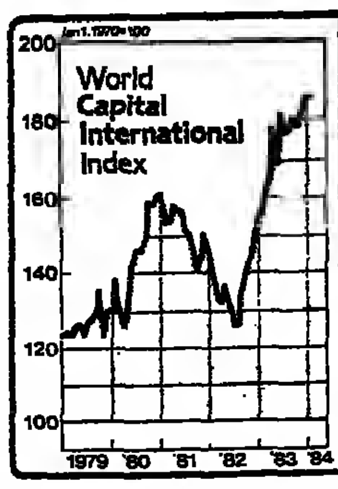
Since the share market began moving up from its trough of August 1982, there has been a spate of rights issues and a steady trickle of newcomers to the market. But companies have long tended to look to bank loans rather than the share market as a source of funds, while corporate bonds have fallen into disuse.

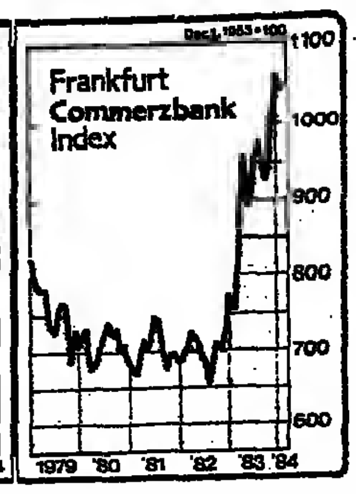
In cautious fashion, some of the market newcomers, including Wella, the hair-care company, have issued non-voting preference shares to avoid risking loss of control.

The West German stock market actually consists of eight stock exchanges—Frankfurt, Dusseldorf, Hamburg, Munich, West Berlin, Hanover, Bremen and Stuttgart. Frankfurt is by far the largest, accounting for about 45 per cent of all share trading and more than half of total trading, including government bonds.

About 450 shares are registered on the stock exchanges, but Commerzbank and other market operators set aside those with 95 per cent or more of shares in "festen Händen" and smaller and regional companies, thus leaving a market, in practical terms, of some 351 shares with a current market capitalisation of about DM 230bn.

Of these 351 shares, the biggest market sectors are motor vehicles (six companies with market capitalisation of DM





40bn), chemicals (17 companies, DM 30bn), banks (30 companies, DM 30bn), utilities (27 companies, DM 29bn), insurance (21 companies, DM 28bn) and electricals (12 companies, DM 23bn).

Commerzbank recently listed 46 companies which have a market value of at least DM 1bn each. At the top, valued at over DM 24bn, is Daimler-Benz, the car and truck maker.

The concern has, directly or indirectly, 100,000 shareholders, but Deutsche Bank and other commercial banks also hold a sizeable stake.

The second largest company, valued at over DM 16bn, is Siemens, the electrical and computer concern. Allianz Insurance; the three chemical giants, Bayer, Hoechst and BASF; Deutsche Bank; and RWE, the electrical utility, all have a market value of between DM 7.5bn and DM 9bn.

Before the latest upswing, the German market displayed little volatility. The Frankfurter Allgemeine Zeitung index moved within a narrow range: 1980, 212-238; 1981, 216-243; and 1982, 214-253.

But last year, share prices shot up on average by well over a third. The running was made by motor vehicles (up 76.4 per cent), insurance (up 56 per cent), big chemicals (up 51.4 per cent) and electricals (up 51 per cent), with building losing favour (down 4.7 per cent), because of lower orders from the public sector and overseas.

The widely based recovery in share prices has been spurred along by hopeful signs of economic revival in West Germany and abroad, as well as by the change of political power in Bonn, with the centre-right government of Chancellor *Helmut Kohl taking office.*

After two years of decline, West Germany's gross national product rose 1 per cent last year and a more substantial 2 to 3 per cent growth has been predicted this year.

Company profits showed a healthier tone last year, tending to rise faster than sales revenue in the wake of cost-cutting, pruning of labour and restructuring measures.

But *economic* experts believe profits must continue to revive from their relatively low level if industrial investment is to pick up.

The Bundesbank, the central bank, has estimated that net profits in 1982 were only about 1.5 per cent of sales revenue, compared with about 2.2 per cent in 1980 and a more solid 3.6 per cent in 1970.

The market has been encouraged by the prospect of a recovery in chemical company dividends, slashed on the 1982 results, but Volkswagen, with no immediate dividend prospect, still rose by *10 per cent.* Bankers believe that if export orders continue to improve, this may boost market interest in certain engineering and machine tool shares.

Market transactions in West Germany are handled by the banks. They place buying and selling orders with floor brokers during dealings on the Stock Exchange between 11.30 am and 1.30 pm. But orders are also carried out before and after these hours through the banks themselves.

Settlement within two days is standard, although other payment and delivery arrangements may be negotiated.

For private investors the banks charge commission of 1 per cent on the value of the transaction and the floor brokers 0.1 per cent. No stamp duty is levied, but there is turnover tax.

The normal rate of turnover tax is 0.25 per cent, but it is halved if the order is given by a private client from outside Germany. Foreign banks and foreign brokers, as well as their German counterparts, are exempt from turnover tax on their orders.

Foreign investors are not liable to West German capital gains tax. There is a 25 per cent withholding tax on dividends, but there is relief through double taxation agreements with various countries, including the UK and the U.S.

Some banks, such as M. M. Warburg-Brinckmann, Wirtz and Co., are "wholesale," acting for instance as a broker for UK pension funds and other sizeable accounts. "From individuals we would not take a discretionary account of under DM 500,000," says Herr Warburg.

For single transactions on the German market, there is no minimum, but it is normally considered advisable for a UK investor to deal in at least £3,000, in view of the costs involved.

NEXT WEEK: The Dutch stock market.

... WORLD STOCK MARKETS

Lure of far-off lands

EVEN THE roaring bull market at home has done nothing to dampen the enthusiasm among the more adventurous UK investors for overseas stock markets, since exchange controls were lifted more than four years ago.

The professional fund managers have commonly been attracted to overseas markets as a way of diversifying and reducing the risks of being tied to one stock market. But many of them anticipate that in the future the different capitalist economies, and their stock markets, will gradually move more and more in phase with one another, thus negating this attraction.

For the stock market punter, however, the attractions of going abroad are often just the opposite. It can be a way of finding some excitement in an exotic setting when the stock market back home is looking dull.

Perhaps for this reason, as much as for reasons of language and imperial history, the volatile stock exchanges of Hong Kong and Australia have attracted more UK private investors than the normally stodgy West German market.

But there are other less emotional reasons for investing in overseas markets. The prospects for most of the larger UK companies are constantly under the scrutiny of several teams of professional analysts.

The chances are small that an outsider will spot something important about a company which no one else has noticed and thus correctly judge that its shares are under-valued.

By contrast, fewer people tend to follow the fortunes of companies in many of the smaller overseas markets particularly those in continental Europe. The competition is much less.

Of course, it is little comfort to believe you have come across, say, an under-valued Spanish company, if you hold it for years without showing any profit because no one else ever reaches the same conclusion as you.

Such is the bitter experience of many international fund managers.

But what has made the last year or so an exciting and

CLIVE WOLMAN introduces a ten-part series by discussing why overseas investment can be more profitable than staying at home

potentially profitable period is that several obscure markets and obscure companies quoted on those markets have suddenly been discovered by international fund managers and re-rated. A global equity market oiled by large amounts of footloose money controlled by institutional investors has been developing rapidly.

David Damant of stockbrokers Quilter Goodison has long been sceptical about the possibilities of making above-average profits from UK share dealings. He cites Sweden as a classic example of a market that has been recently discovered by the international jet set.

Not only did the market level soar in late 1982 with an influx of foreign money. But those Swedish banks and other investors who had previously applied more rigorous analytical techniques in putting together a portfolio of Swedish shares made well above average profits. For it was their companies that the foreigners were most interested in buying.

Damant believes that it will take 10 years or longer before the flows of international capital becomes so smooth that they will prevent any similar opportunities emerging in the future.

The larger London stockbrokers often recommend and arrange to buy foreign shares on behalf of their private clients. But trying to investigate and buy shares in a foreign company without any professional back-up in the UK can be a time-consuming, frustrating and highly risky venture, unless you are well acquainted with the country.

A much easier and safer means of access to foreign stock markets is through unit trusts, or investment trusts. Over the last 18 months, there has been a spate of launches of unit trusts specialising in particular overseas stockmarkets. Japan has been the most popular market with 12 new Japanese unit trusts launched over the last 12 months.

But some of the funds specialise in much smaller and more exotic markets. Two funds, run by Schroder and Target, focus on Malaysia and Singapore while Hambro runs a fund investing in the four Scandinavian markets.

But apart from Hambro's fund, the other unit trusts investing in continental Europe cover all the important European markets. None is restricted to any particular market.

Thus there is no way through using a unit trust of investing exclusively in the West German market, which is featured this week in the first article of a ten part series (see next page). Some funds, however, have a high proportion of their portfolios in West German stocks.

In particular, Equity and Law's European fund launched last February has concentrated on West Germany where it currently has 40 to 46 per cent of its portfolio. But such proportions can fluctuate tremendously in line with the fund manager's views on the changing prospects for the various markets.

Investment overseas through a unit trust removes the danger of investing in a company on the basis of faulty information or of losing money to a corrupt middleman. The administrative problems caused by withholding tax and the need to claim double tax relief are also taken out of your hands.

At the same time, you no longer have the excitement of tracking down an obscure company whose profitability has not yet been discovered.

But, according to Damant, the possibilities for making money by switching between different markets are as great as those from choosing individual stocks in smaller markets. Once again there is little competition.

Relatively few fund managers spend much time trying to work out whether Holland is cheap relative to Canada, or Japan relative to France. So large anomalies can develop between the valuations placed on different markets.

But to have any hope of spotting these before the rest of the pack, it is essential to take (or at least to read) professional advice and to do plenty of other reading about the different world economies and markets.

BOND FUNDS

Making money from junk

Clive Wolman on a fund that invests in shaky companies

INVESTING IN a company which is tottering on the brink of bankruptcy or which has already been declared bankrupt may seem an unlikely way of making money.

But these are two of the major types of investments of a U.S. managed unauthorised unit trust which will be offered to UK investors from next week.

The Finsbury Group high yield securities fund, which is being launched by Drexel Burnham Lambert, the U.S. investment house, will be investing in a range of fixed-interest securities in the same way as a UK gilt-edged unit trust. But the bonds it buys will be those of U.S. companies whose creditworthiness is generally rated as poor. To compensate, the yield to bond-holders is well above that offered by gilts.

Drexel has become a dominant force as a market-maker in what is called the "junk" bond sector. This market has mushroomed in recent years to reach an estimated size of $65-75bn.

The fund managers will be investing in varying proportions in all the major segments of the market:

● Emerging credits (about 25 per cent of the total portfolio) —smaller, growing companies whose bonds will be bought before they receive an anticipated up-rating from the major credit-rating agencies.

● Troubled credits (15 per cent)—companies which have suffered financial problems leading to a down-rating of their bonds but which, it is believed, are likely to achieve a successful turnaround.

● Convertibles (30 per cent)—where the bonds may be converted into ordinary shares in the company if the holder wishes. In this case the fund managers will be looking for unusual situations. ● Bond/warrant units (10 per cent)—high-yielding bonds which also grant an option to buy shares.

● Post-bankruptcies (5 per cent) — even at this stage, the bonds may be valuable if an accurate assessment can be made of the value of the company's assets in liquidation and the order of ranking of bondholders in relation to other creditors.

● Other special situations (15 per cent).

The returns to be made from these types of bonds depend less on the general level of interest rates than on the ability of the fund managers to analyse the changing prospects for the company and the value of its assets more accurately and more swiftly than the credit-rating agencies.

The 23 high-yield bond funds in the U.S. which specialise in investing in this sector have since 1977 consistently achieved higher returns for their clients than the 20 funds which invest only in highly-rated bonds.

But this gives little indication of future prospects if abnormally high returns become difficult to achieve as more investors discover the market. The risks are also higher than those of a traditional gilt or bond fund, although there is probably greater cushioning against the losses caused by a general upsurge in interest rates.

UK investors too are vulnerable to a fall in the dollar against sterling.

Nevertheless, Drexel says it is expecting returns of 27 to 30 per cent to be achieved by the two management companies between whom the portfolio will be divided.

These are First Investors Management Company which has about $1.7bn under management, most of it in highly yielding investments, and Solomon Asset Management which specialises in pension fund management.

Drexel is not managing the portfolio itself in order to avoid, it says, conflicts of interest arising from its role as the main market-maker in "junk" bonds.

The management charges are relatively high. There is an entry fee of 3 per cent and an annual charge of 1½ per cent. This compares with annual charges of only ¾ or ½ per cent on most UK gilt unit trusts.

But in view of the research required, a fairer comparison may be with specialist equity unit trusts where the charges are typically ¾ or 1 per cent per year.

Another factor depressing returns for the UK investor will be tax. Although no withholding tax should be imposed in the U.S., thus easing the administrative burdens, the recent legislative proposals aimed against offshore "roll-up" funds will probably mean that all the interest received by the fund from its bonds will be taxed at the individual investor's top marginal rate.

Units in the fund, which may be redeemed at any time, are being sold by Drexel of at least $150,000. To invest a smaller amount, contact Drexel's London office directly on 01-6… 3200.

INTEREST RATES

Hopes on home loans dashed

ANN HEALY FENTON compares the mortgage charges of banks and building societies and discusses the 1984 outlook

THE BAD news for those with home loans is that mortgage rates are unlikely to fall in the early part of 1984. The good news is that they probably will not increase any further, despite last week's announcement by two banks, Lloyds and Midland, that they were putting up their mortgage rates.

Midland increased the interest rate charged to new borrowers by half a point to 11.25 *per cent*, equivalent to an annual percentage rate (APR) of 11.70 per cent. Lloyds put up its rate for new customers by three-quarters of a point to 11.75 per cent (APR 12.50 per cent). Existing customers are not affected.

This rise is likely to be permanent and was implemented to bring the banks roughly into line with the building societies who are charging 11.25 per cent, although the rates increase with the size of the mortgage at most societies. Only the Woolwich and Nationwide charge 11.25 per cent irrespective of mortgage size.

Lloyds says it has no plans to adjust the rate again in the near future, even though it now charges half a per cent more than the building societies, at least for smaller loans.

Midland does not anticipate a fall in its rates either.

The other banks have failed to follow the lead of the Midland and Lloyds and have kept interest rates *static*. Barclays, Nat West and Trustee Savings Bank offer the cheapest mortgages at 11 per cent. Barclays and TSB expect no change in their rates although Nat West says its "are under constant review."

The building societies had a record year for attracting deposits in 1983 but are reluctant to lower their rates in early 1984.

Societies report that demand for mortgages is still exceeding funds available and predict that interest rates are unlikely to fall until the demand for mortgages is met, even though the mortgage rate is still well above the inter-bank rate (see graph).

The societies are due to hold a full council meeting to discuss interest rates in mid-February.

Cheaper mortgages now seem further away than ever, and interest rates look set to remain stable for the next three months at least.

One thing in the building societies' favour for the first time borrower is their reliable commitment to the lending market. The loyalty of the banks to the market has been less than firm over the last year.

In April all the clearing banks except the National Westminster withdrew borrowing facilities for new customers because they were unwilling to cope with the level of demand.

Lloyds says it was anxious about distorting the balance between its corporate and personal loans.

This year, Lloyds and the *other banks have* moved back into the market, but the strength of their commitment remains to be seen. *First time* borrowers planning to take out a bank mortgage should bear this in mind, or risk disappointment since all banks insist on borrowers being customers of the bank for six months or more before taking out a loan.

Even increased interest rates are unlikely to make mortgages easier to get. Lloyds, which charges the *highest* interest rate has reduced its home loan budget by £200m to £250m this year. Lloyds merely wishes to "maintain a presence" in the mortgage market in 1984.

With its reduced budget Lloyds is restricting its lending criteria. The minimum mortgage has been increased from £5,000. to £15,000, with a maximum of £100,000. In addition it will only lend two and a half times the applicant's salary and has introduced an arrangement fee of £2 per £1,000 with a minimum of £100.

It has also increased the *differential* charged *on* endowment mortgages from half a per cent to 1 per cent. The 1984 rate charged on endowment mortgages will be 12.75 per cent or an APR of 13.7 per cent.

Midland, which up to now has been only a small presence in the mortgage business, has stepped up its home loan allocation from £200m to £500m this year.

Midland is not changing its lending criteria but it has increased the rate differential on endowment mortgages by half a per cent to 12.25 per cent (12.8 per cent APR).

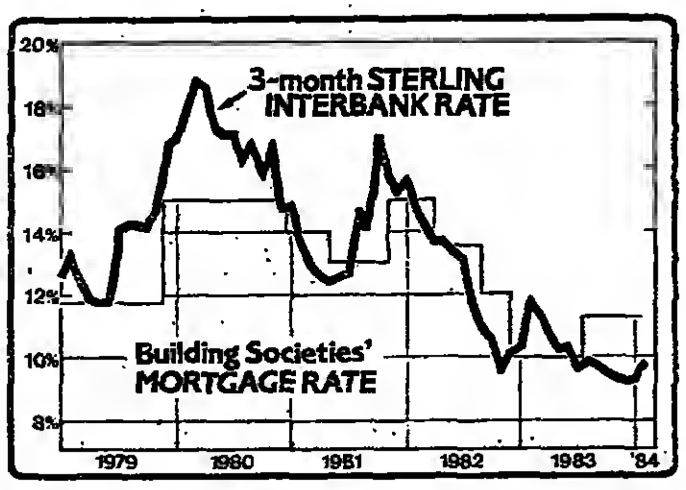
National Westminster, which stayed in the market last year, is lending £80 to £90m a month at present. It lent over £1bn last year, and *expects* to have a similar budget this year.

Barclays is lending at the rate of £50m a month with a 1984 budget of *£600m*.

MORTGAGE INTEREST RATES

	Repayment Rate %	Endowment Rate Flat rate %	Endowment Rate APR %
Building Societies	11.25	11.75	—
Barclays Bank	11.00	12.00	12.60
Lloyds Bank	11.75	12.75	13.70
Midland Bank	11.25	12.25	12.80
National Westminster	11.00	12.00	12.80
Trustee Savings Bank	11.00	12.00	13.10

Variations in APR (annual percentage rate) depend on interest rate computation.



Why M1 and M3 may cost you dear

Economics Correspondent MAX WILKINSON reports on what may lie at the end of the spending spree

THE PROSPECTS for a fall in interest rates in the near future were badly knocked this week by news of an upsurge in the money supply. This may have been a welcome development for building society depositors, but it is depressing for gilt-holders and also for mortgagors and other borrowers who are paying record high real rates of interest at present.

Most monetary indicators are now pointing if anything to a general upward movement in interest rates.

The Bank of England estimated this week that the money supply had risen sharply in December, reflecting a large rise in new bank lending to the personal sector. There are strong indications that the end of year spending spree, which gave shops a record Christmas, was financed largely by borrowing from banks, building societies and finance houses.

This credit surge is worrying the Government because of its direct impact on the money supply and more indirectly on the future inflation rate. In the 10 months to December, the money supply appears to have been growing significantly faster than the target range of 7 to 11 per cent a year laid down at the time of the Budget.

In this period M1, which measures cash and bank deposits which can be withdrawn without notice, grew by 13 per cent. Private Sector Liquidity, the broadest definition of money which includes deposits with building societies grew by 12 per cent, and Sterling M3 which includes all bank deposits grew by 11 per cent.

If these rates of growth continued for the next two months the Government would be under strong pressure to take action, either by pushing up interest rates, or by selling more gilt-edged stock. Extra gilt-sales would, itself raise long to medium term interest rates.

Unfortunately for the Government the recent rapid expansion of personal borrowing has come at a time when its own borrowing is also rising faster than it would like. The Treasury is currently predicting that the Public Sector Borrowing Requirement for 1983-84 will be £1bn over the £8bn target and it is beginning to look as if the overshoot could be even larger.

Add to these worries the possibility that companies may start to increase their borrowing as the world economy picks up and it appears that there could be a significant "credit crunch" in the earlier part of this year.

However, all these arguments leave out the political dimension. The Treasury will be extremely anxious to avoid a further rise in the mortgage rate if it can. This is because a change in the mortgage rate directly affects the inflation rate, and it is crucial to the Government's strategy that the inflation rate should continue to fall this year.

A lowering of interest rates is also needed to help maintain the momentum of recovery through increased investment and prevent growth from stuttering out after the summer as many *forecasters* are predicting.

So even if the pressures for a rise in interest rates seem to be increasing, there is little doubt that the Government will strive to resist them for as long as it possibly can.

A gardener's dream of home

BY JUNE FIELD


Beverley Nichols in his garden

ON THE mantelpiece a signed photograph of Noel Coward . . . on a little table one of Princess Marina, Duchess of Kent, and a half-finished music manuscript on the Steinway grand piano.

The early 18th century Sudbrook Cottage near the Ham Gate entrance to Richmond Park in Surrey, is where author, composer and gardener Beverley Nichols lived for 25 years until his death last September; it is still more or less as he left it.

But now the house is for sale, the major contents will be going to Christie's, the small things and the two cats, Dum Dum and Hugo to a nearby flat, where residual beneficiary Cyril Butcher expects to move.

The five-bedroom, two bathroom cottage is part of a secluded terrace *said* to have been built around the early 1700s by the Duke of Argyll for some of his tenants. (Down the *quiet lane* is *elegant* early 18th century Ormeley Lodge, where Sir James and Lady Anabel Goldsmith live.

The major selling-point is the magnificent tree and plant-filled garden, created from a barren patch by Nichols. Only the great Copper Beech was there originally.

In the Lees-Milne and Verey book *The Englishman's Garden* (Allen Lane), Beverley described the beautiful half-acre as "a garden for all seasons," observing: "I could not endure a garden that was —as it were—put under dust sheets for a third of the year."

In *Down the Garden Path* (first published in 1932, and recently reissued with the Rex Whistler decorations by the Antique Collectors' Club at £8.95, as evergreen as ever), Nichols observed that the average gardener at this time of year "sits by his fire, turning over the pages of the seed catalogue, wondering what he shall sow for the spring."

Not so our intrepid author, who declared: "I want my garden to go on," and constantly waged battle for winter flowers. He referred to the clash of drama about the operation for the gardener "whose spirit is as tenuous as the mists that hang like ghosts, about the winter orchids warped by sudden frosts and scarred by strange winds."

So even on a wet, blustery January day this week at Sudbrook Cottage we could admire the heathers, the myrtle bush, the deep green of the towering cypress, the lily pond and the Japonica fruiting round the front porch. It was too early for the Weeping Cherry, though, and the "False Acacia" was bare.

Then there is the greenhouse, immortalised in the author's last book *Twilight-First and Probably last poems*. "Here I can shelter/here in this crystal cage," while "outside the winds of winter rage."

In the adjacent implement store his garden tools are lined up neatly on the wall, used by the treasured Mr Davis who comes for three hours on a Saturday morning. It has always been recorded that everything could be maintained in impeccable condition with an absolute minimum of labour.

The property is held on a Crown Estate lease, with 20 years unexpired, and Ray Taylor, Knight Frank and Rutley, 152 Sloane Street, London SW1, is seeking offers in excess of £75,000.

Even though the house needs some refurbishment, this figure is expected to be well exceeded. "It is difficult to put a price on association value," comments Mr Taylor.

"And the *cachet* of buying Beverley Nichols' garden is almost irresistable." Those who have seen the place in warmer weather when it has been opened to the public would agree—*Golden Rubinia* complement *Milium* regole, and *Lomium maculatum*, the owner's favourite ground cover, spreads a silver carpet in the spring.

"There is a marked difference in price terms between a mature well-stocked garden with, in particular, mature trees, and those without"—Bill Yates in Knight Frank and Rutley's first *Annual Review* published this week. (Free from Shaun Longsdon, Knight Frank and Rutley, 20, Hanover Square, London, W1.)

"People are becoming more aware of the importance of preservation and the value of nature's amenities. Realisation that it takes a lifetime to create a garden and two generations for trees to reach maturity is something which has emerged from these changed attitudes."

Deep in the heart of the Sussex Downs, just before the hamlet of West Dean about five miles from Eastbourne, KFR is selling the charming rose-clad flint and brick Garden House on the Charleston Manor Estate.

The actual manor was sold in the late summer last year by oil man Paul Bristol; now the Garden House is being offered at £150,000 for a 90-year lease. Antony Wardell, who is handling the sale from the W1 office, says that in view of the closeness of the property to Glyndebourne, it might be of interest to a company wanting a unique local base.

The sitting-room with its exposed beams is where onetime owner portrait painter the late Sir Oswald Birley is said to have had a studio.

Mr and Mrs Birley as they then were, bought the estate in 1931, and the restoration plus the laying out of the gardens overall were carried out by architect Walter Godfrey, whose philosophy, set out in *Gardens in the Making*, 1914, was to divide a garden into many sections. So the Garden House has its own enclosed delights of formal flower beds, mature trees, lily pond and lawn. The surrounding setting is a massive wall of yew.

"Landscape value" overall, is proving a major attraction with country houses. Ashwell Farm, a smallholding in Dolton, North Devon, adjoining land scheduled as an Area of Great Landscape Value, has just sold well in excess of the guide price of £60,000 through Michelmore Hughes and Strutt and Parker.

The same agents sold the historic Holy Street Manor (the name deriving from the Saxon "tongue of land in the hollow"), Chagford, Devon, with its spectacular lawns and woodlands in two acres; it attracted 500 inquiries and sold well above the guide figure of £325,000.

Bargain-hunter's guide

● It is the traditional season for price-cutting. Hintlesham Hall, Robert Carrier's home and restaurant in the depths of rural Suffolk, has had its £750,000 asking price spectacularly marked down to £500,000. Agents Hampton and Sons of Arlington Street, SW1, say: "It is just a question of finding the right buyer for what is rather an unusual large house in the countryside. We hope the reduction will provide a spur to interested parties, of whom there have been many."

● West country bargain hunters should contact Vivian Moon, principal of John C. Webber and Son, Bristol and West House, Barnstable, Devon. As part of the firm's diamond jubilee year promotion, he has persuaded vendors to knock a total of £250,000 off the market value of some properties in North Devon and North Cornwall.

Mr Moon, who is also chairman of the National Homes Network, reports that there has been a tremendous response from clients, and the original number of reductions, some 50 or so, has been increasing daily.

"Some places have been marked down as much as £5,000. In general the figure is between 5 and 10 per cent on the asking price, which is revitalising the market in a traditionally stagnant time."

هكذا صدر الأصل

LEISURE

Trees with a native look

GARDENING

ARTHUR HELLYER

WHEN I listen to discussions about the desirability of planting exotic trees in the British landscape I sometimes wonder whether those who oppose it are really clear about what they mean. Britain is rather poorly endowed with truly native trees and is very much the richer for species that have been introduced from other countries, often so long ago that no one is now certain when they arrived or who brought them in.

Presumably no one would want to ban the elm, the sycamore or the sweet chestnut which have been grown in Britain for something like 2,000 years. Nor, I imagine, are the horse chestnut, the larch or most of the poplars unwelcome though of these only the aspen is a true native.

I conclude that it is not so much the land of origin that is important as the degree to which they have become incorporated in our landscape. It is the obvious outsiders, the spiky conifers from north-western America and trees with gaudy flowers that are seen as interlopers.

If so, there are many more foreign trees which could be included in landscape planting without causing any offence. We have only two native birches, only one of which is widely grown, but there are more than 50 others scattered around the northern hemisphere, most of which have the right softly rounded outline to blend with our native trees.

One of the best, because it is the least variable, is *Betula ermanii*, an Asiatic birch which is rather like our silver birch but makes a smaller tree and has white bark which peals to reveal pale pink beneath. Even whiter in their best forms are the two Himalayan birches, *B utilis* and *B jacquemontii*, but both are much more variable than *B ermanii* and they also interbreed easily with our native birch giving seedings of intermediate character. Last winter I was able to buy good container-grown saplings of *B utilis* at a local garden centre and also B *lutea*, the yellow birch of eastern North America, notable for its large leaves and buff-yellow bark which peels to reveal pink and grey beneath.

Then there are the rowans and whitebeams, both belonging to the genus sorbus but differing widely in their decorative character. The rowans all have multiple leaves, each consisting of numerous separate leaflets, so giving the trees a light, almost feathery appearance. Only the common rowan, *Sorbus aucuparia*, is native but there are numerous other species ringing the northern hemisphere, among them some fine garden and landscape trees. One of my favourites is Joseph Rock which has smaller leaflets than *S nucuparia* and yellow berries. It also gives fine autumn colour though it does not quite equal *S embley*, sometimes listed as *S discolor*. Also outstandingly decorativa are *S hupehensis* with even smaller, grey-green leaflets and white, pink tinged berries and *S sargentiana*, a much stouter stemmed tree with big leaves which colour richly in the autumn.

Of the whitebeams *Sorbus aria* is the only British representative and then more or lesa confined to the chalk and limestone soils of southern England. It is a handsome tree, totally different from the rowans in appearance, with rounded undivided leaves more or less covered with white down when young according to variety. But there are nther whitebeams including the Himalayan *S cuspidata* and the Swedish *S intermedia* and also *S mitchelii*, also from the Himalaya, a notable foliage tree with the biggest leaves of any whitebaam.

The field maple, *Acer campestre*, is our only truly native member of this large family but the Norway maple and the sycamore hava been here so long that few people think of them as being foreign. I see no reason why the same tolerance should not be extended to a number of nther species including all the snake bark maples, so called because the young bark is streaked with thin lines of white, and also the North American silver maple, *Acer saccharinum*, wbicb bas lovely autumn leaf colour. One of the most attractive young trees in my garden is a Chinese snake bark maple named *Acer forrestii* which has slender arching stems witb red bark finely pencilled with white.

But this was given to me hy a collector and would be rather difficult to buy. Mucb easier to pick up would be *A hersii* with olive green and white bark and *A capillipes* in whicb tbe young stems are red striped with wbite. All are bardy, shapely trees of medium size, unlikely to exceed 30ft.

Only two oaks are genuinely native British trees, the durmast and the common or English oak.

Trekking in the Himalayas

TRAVEL

MARGIE LINDSAY

TREKKING IN Nepal, as the dossier explains, has its ups and downs. For something a bit unusual — and to build character, stamina and perhaps take off a few unwanted pounds —trekking in the Himalayas fits the bill.

The eight-day Helambu trek I chose began gently with a tour of Kathmandu and its valley. This was to lull the visitor into a sense of security. The actual trek began at the hydro electric station (approximately 4,500 ft) and climbed steadily during the first day to reach 8,000 ft, where the first camp was made.

The first day was enough to convince most of us this was no gentle walk along country lanes—it was very steep, rocky, hot and dry. The nights were spent usually between 8-9,000 ft, with one camp at 10,000 ft. However, the trek was challenging, with beautiful scenery—when the ground underfoot felt sure enough to allow looking up.

To make the trek easy even for a novice, our eight-man party, plus trek leader (a vivacious Australian lady), was accompanied by 15 porters, kitchen staff and Sherpa guides. These men and women showed tha way, carried everything except day packs and cooked three meals a day.

Before the last trekker reached camp, tents were usually going up and tea and biscuits were served around 5.30. Dinner was always an excellent three-course meal, beginning with soup and ending with a choice of tea, coffee or chocolate as a nightcap. Evenings were short; bedtime was around 8.30.

A gentle — and discreet — "good morning" wakened you around 6.00 am with hot tea to take the morning chill out of the air. A basin of hot water for washing came about 15 minutes later. Eventually the trekkers began to emerge from sleeping bags and tents.

As we were cautioned at our pre-trek briefing, most people can cope with the walking: the real struggle was trying to fit everything, including the sleeping bag, into a rather small kit bag provided by the tour company, Sherpa.

Walking began around 7.30 to 8.00, after a cooked breakfast. Lunch was usually between 11.30 and 1.00 pm, depending on the pace set, altitude and amount of climbing.

Quilted jackets were soon discarded once the sun rose. Temperatures, even in the shade, were quite hot for the end of October — early November, the best time for trekking. Sunburn was a real danger, particularly at high altitude.

The Helambu trek entails a great deal of climbing — both up and down — gradually reaching Thare Pati (11,800 ft on day five). Altitude sickness on this trek was rare, although it was common to experience shortness of breath.

Along the route there were plenty of opportunities to see rural life. The Himalaya is a very populated region, with almost every available space terraced and planted.

The paths are sometimes almost too narrow, but the local buffalo and natives, sometimes carrying immense loads, found them easy.

Camping spots were usually near villages or Buddist monasteries, which are sometimes opened for trekkers. The many people you pass, although rarely speaking any English, were always ready to help you, especially across fast flowing streams. But one wonders what they made of Europeans, sweating, panting and struggling, with stout walking boots, up the paths they effortlessly walk either bare-foot or in flip-flops.

On the last night the kitchen staff, in an effort to impress us even more with their culinary skills, baked a "cake." Since all food is cooked on an open fire, baking is quite a feat, accomplished by a series of pans inside pans, making an oven.

Unfortunately the cake is more often suitable for hand-to-hand combat, rather than food.

By the end of the trek, most of us had become accustomed to the strenuous walking and delights of the Himalaya. A camp-site which at night may be merely beautiful becomes spectacular as the sunrise reveals mountain ranges which seem close enough to touch.

The Sherpa package, once the trek ends, gives two options; a five-day Mogbul tour of India or two days' white water rafting, beginning at Kuringhat, plus two days at a wildlife park. I chose the latter. The rafting is designed for those with little or no experience. The helmets we were asked to wear were more for protection from paddles than from rocks.

Although at first the rapids can he daunting, most soon became used to their excitement. Opportunities for pictures were frequent. To get real action shots, one raft would go through while the others waited, taking photos.

Rafting was at a much more leisurely pace than the trek. The river's current was quite strong and except for the patches of white water, a paddle was hardly needed. Camps were set up by staff who travelled ahead by road. Meals were again cooked over open fires.

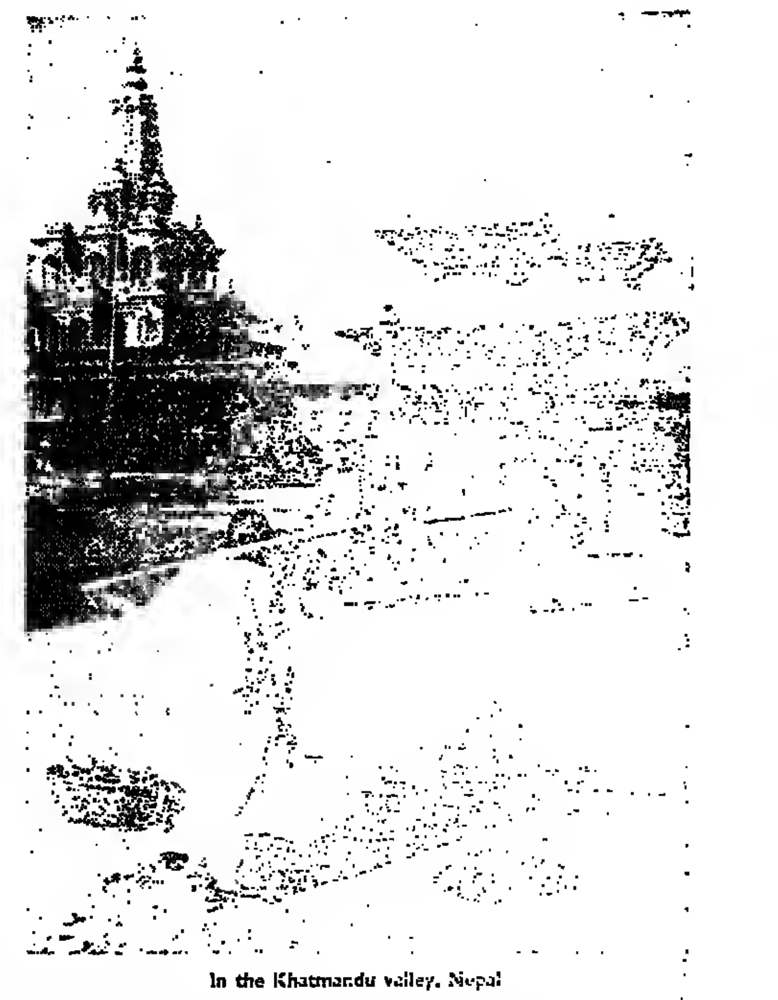
After rafting the group was met and taken to Chitwan National Park. Our group stayed at Elephant Camp, run by an ex-U.S. Peace Corp volunteer. Accommodation for 28 is in mud huts, after which the rigours of trekking seemed lavish.

Elephant Camp, located at the eastern edge of the park, provided a very knowledgable guide, who took us on a dug-out canoe trip down the Rapti and Dongla rivers and on a jungle walk. Although numerous tiger spoor were spotted the animal itself remained elusive. [illegible] elephant [illegible] rides in the afternoon and [illegible] sunset, [illegible] deer, [illegible] on a jungle [illegible].

Evening entertainment consisted of local drinks and [illegible] dancing exhibition. The natives had long ago decided to settle all disputes by energetic dancing—the team left standing at the end of marathon dancing sessions were "victorious."

In between the trek and second part, we were given ample time to do shopping in Kathmandu and to take an early morning flight past Everest. For those who wanted a closer look: Sherpa Expeditions, 131a Heston Road, Hounslow, Middlesex (Tel: 01-577 2712; telex 8955121). Price (including air fares from London) £1,35[illegible] (£755 excluding airfares London-Delhi-London (via Air India) flight costs around £424.00. Delhi - Khatmandu - Delhi costs around £189.

The Everest mountain flight along the range in both directions lasts approximately one hour and costs around $55. A complete Himalayan panoramic flight is also available, costing $85.00. The mountain flight can be booked only in Khatmandu.



In the Khatmandu valley, Nepal

BRIDGE

E. P. C. COTTER

MY FIRST example hand occurred in a teams-of-four match. Let us study *Donger from the East*:

N
♠ A J
♡ 10 7 3
◇ K 10 9 2
♣ K 8 7 4

W
♠ 10 8 7 4 3 2
♡ Q 8 2
◇ 6
♣ Q 9 3

E
♠ K 9
♡ K 9 6 5 4
◇ Q 7 4
♣ J 6 5

S
♠ Q 6 5
♡ A J
◇ A J 8 5 3
♣ A 10 2

South dealt with both sides vulnerable, and opened the bidding with one no trump, and North with his balanced 11 points raised to three no trumps, and all passed. The bidding was identical in both rooms, and each West chose the four of spades as his opening lead.

In one room the declarer played dummy's Knave, East won with the King, and started to do bis sums. Adding his 9 points to dummy's 11, and giving the declarer 16 for bis advertised strong no trump, ba realised that his partner could not have more than 4 points. There was no future in spades, but if West held the Queen and two low hearts, there was just a chance of establishing some tricks in that suit. He switched to the five of hearts, South's Knave lost to the Queen, and the return of the eight cleared the suit for East. The declarer did not guess the diamond position, played for the 2-2 break, and went down.

In the other room the declarer sbowed a better appreciation of the position, and did not endanger his contract by finessing the Knave of spades. He won with the Ace, cashed the diamond King and followed with the ten, wbich was allowed to run. As the cards lay, the finesse worked and South collected ten tricks. But even if the finesse failed, the contract was safe, because West could not lead a beart with advantage, and nothing could prevent tha declarer from making four diamonds, two clubs, two spades, and ona heart.

To finesse the Knava of spades involves a fatal loss of tempo.

My second band comes from a rubber whicb I played just before Christmas:

N
♠ 10 6 5 4
♡ A 9 5
◇ 7 4
♣ A 9 6 3

W
♠ K 9 8
♡ K 7 4
◇ 6 2
♣ Q J 10 8 2

E
♠ Q 2
♡ J 10 8 6 3
◇ Q J 9 8 3
♣ 4

S
♠ A J 7 3
♡ Q 2
◇ A K 10 5
♣ K 7 5

We were vulnerable when I dealt in the South seat and bid one diamond, and North replied with one no trump. This response over a minor suit should show a reasonable band, so I decided to bid again, and said two spades. To my surprise my partner raised to three spades—wby bad she not responded with one spade?—and I shut my eyes and bid four spades.

West led the club Queen, and I was careful to win with dummy's Ace to protect that card from a subsequent ruff if West bad led from a five-card suit. I returned dummy's four of spades and let it run when East produced tbe three. West won with the eight, continued witb club Knave, and East ruffed with the spade Queen.

East now returned the diamond Queen—surely the Knave of hearts was much better—I won with the Ace and cashed the spade Ace, East showing out. Now if West had the heart King, I had a chance of making my contract. I cashed the diamond King, ruffed a diamond on the table, and crossed to my King of clubs. I ruffed my last diamond, ruffed a club with my seven of spades, and threw West in with the Knave, forcing a return from his heart King into my split tenace.

It is interesting how the hand unfolds—it is not a difficult play, but I found it most satisfying.

CHESS

LEONARD BARDEN

Some chess openings are the subject of long-running controversies as rival groups of grandmasters champion white and black causes. Argument is specially fierce about tactical variants of popular openings where the verdict of the debate has repercussions right back to earlier routine moves.

A case in point is the Dragon variation of the Sicilian Defence, 1 P-K4, P-QB4. The Dragon's name comes from the outline of Black's pawn structure which bears a vague resemblance to the mythological beast. Its most popular line has White castling queen's side then launching a pawn and piece attack on the black king, while Black castles short and counters with his own threats, backed by his long-range bishop at KN2.

Several books are devoted solely to the Dragon and argument has continued both in printed word and across the board for two decades. Final conclusions seem a long way off, and the fascination of chess theory is that every expert can contribute to the international debate.

Dragon games featured in the latest tournaments at Brighton and Hastings. The central question is whether White ought to play calmly for the endgame or prefer an all-out tactical melee. Judged from Nigel Short's subtle attack with opposite coloured bishops, the endgame men are at present on top—but for how long?

White: N. D. Short (England). Black: G. Sax (Hungary).

Sicilian Dragon (Ace Computers Hastings 1983-4).

1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-KN3; 6 B-K3, B-N2; 7 P-B3, O-O; 8 Q-Q2, N-B3; 9 P-KN4, B-K3; 10 O-O-O, NxN; 11 BxN, Q-R4; 12 P-QR3, KR-B1; 13 P-KR4, QR-N1.

All this is by the book. White has pushed his king's side pawns, while the black pieces mass on the other flank. Now White faces a major decision; should he simplify and rely on his pawns to control more space, or should he press the attack by 14 P-R5?

A few days before the present game in the CGL International at Brighton, Plaskett against Watson opted for 14 P-R5 but was mated in a tactical scramble: 14 ... P-QN4; 15 P-R6, B-R1; 16 PxB, PxP; 17 Q-R6, PxP ch; 18 K-Q2, BxP! (a prepared winning improvement); 19 BxN (or 19 PxB, P-K4!) B-R4; 20 B-Q4, P-K4; 21 RxB, PxR; 22 Q-Q5, Q-N5; 23 [illegible]; 24 [illegible]; 25 [illegible] ch; 26 K-B4, Q-N6 mate.

14 N-Q5, QxQ ch; 15 RxQ. This is world champion Karpov's plan, used against Tony Miles at Phillips and Drew, 1982. That game continued 15 . . . BxN; 16 PxB when White's bishop pair is an endgame asset, so Black here aims for opposite coloured bishops and a draw.

15 . . . NxN; 16 BxB, N-K6; 17 B-Q4, NxB; 18 RxN, N-N3; 19 P-N5, P-KR4; 20 P-KB4, B-R6; 21 R(1)-B2, R-B3; 22 P-B5!

The trouble with Black's plan is that opposite bishops by no means guarantee half a point in a cramped position with rooks still on the board. Short now alternates back row mate threats with attack on weak pawns.

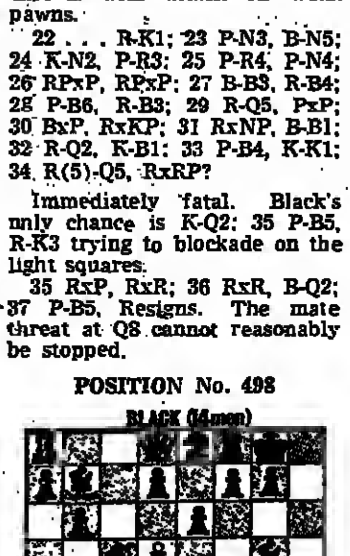
22 . . . R-K1; 23 P-N3, B-N5; 24 K-N2, P-R3; 25 P-R4, P-N4; 26 RPxP, RPxP; 27 B-B3, R-B4; 28 P-B6, R-B3; 29 R-Q5, PxP; 30 BxP, RxKP; 31 RxNP, B-B1; 32 R-Q2, K-B1; 33 P-B4, K-K1; 34 R(5)-Q5, RxRP?

Immediately fatal. Black's only chance is K-Q2; 35 P-B5, R-R3 trying to blockade on the light squares.

35 RxP, RxR; 36 RxR, B-Q2; 37 P-B5, Resigns. The mate threat at Q8 cannot reasonably be stopped.

POSITION No. 498

BLACK (4 men)

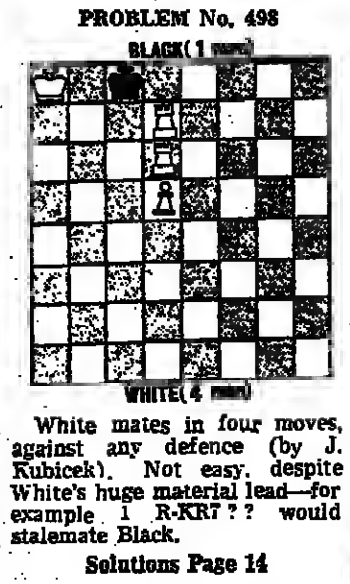


WHITE (8 men)

Speelman (England) v. Kudrin (U.S.), Ace international, Hastings 1983-84. The British grandmaster (White, to play) sacrificed a bishop for this diagram and brought off a memorable finish. How should the game end?

PROBLEM No. 498

BLACK (1 man)



WHITE (4 men)

White mates in four moves, against any defence (by J. Kubicek). Not easy, despite White's huge material lead—for example 1 R-KR7?? would stalemate Black.

Solutions Page 14

Simple intelligence

BY ZARA STEINER

MI 6: British Secret Intelligence Operations 1909-1945
by Nigel West. Weidenfeld & Nicolson £9.95, 266 pages

SOE in the Far East
by Charles Cruickshank. Oxford £12.95, 285 pages

It is difficult to recommend Nigel West's account of Britain's overseas intelligence gathering organisation to any but avid intelligence buffs. This is not an official history of MI6 or SIS as it is alternatively called, nor an adveoture story of spies, double-agents and traitors. The book has been put together from numerous interviews with intelligence officers and their agents and some but far from all (there are no references or bibliography unfortunately) the secret service documents that can now be found in the Public Record Office and elsewhere.

Mr West has provided an outline history of SIS from its uncertain start in 1909 and has furnished portraits of its successive heads, officially known as "C", whose identity, like those of the officers and agents who served them, has until recently been carefully concealed from the public.

Between the wars, uoder Foreign Office control, the SIS was starved of men and funds and treated with suspicion. As late as 1938, it was a weak, over-stretched and incompeteot agency unable to supply the government with the intelligence needed because excessive concentration on the Soviet menace had led to the neglect of Nazi Germany. Widespread doubts about SIS credibility resulted in a negative appraisal of the information its European agents were able to gather. Nor was morale improved when, just as the organisation was being strengthened and expanded, German penetration of The Hague SIS office resulted in the collapse of the whole Dutch network (the Venlo affair), a crushing blow in November 1939.

Most of Mr West's book is concerned with the war-time organisation of MI 5 and its operations in Europe, the Middle East and the United States. The difficulty is that the author tells us both too little and too much. SIS was not only involved in the gathering of intelligence but in irregular operations. There are innumerable stories about its clashes with SOE and the American OSS. Oral testimony about such matters is far from reliable and certainly patchy and there is clearly far more to be said than is found in these pages. On the other hand, the author's preoccupation with the minute details of operations of very unequal importance and with the naming of agents and networks makes it hard to see the wood for the trees.

It also makes this book, rather surprisingly, a difficult one to read.

There appear to have been more SIS failures than suc-


Mountbatten: misunderstood SOE role

cesses, at least in terms of enemy penetration and the collapse or elimination of SIS-sponsored networks. But it is hard to judge what SIS actually achieved or to know what kinds of intelligence were supplied by its agents often through the penetration of the enemy intelligence network.

The diligent reader will find the nuggets. Some are well-known. Others, i.e. the assertion that Admiral Canaris, head of the Abwehr, supplied information directly to an MI6 agent, are still disputed. The revelation that Stewart Menzies's (the war-time head of SIS) sister-in-law's sister and C's close friend was an Abwehr spy throughout the war as well as an MI 5 ageot confirms one's suspicion that maoy of the major intelligence coups of the Second World War were achieved at the expeose of other intelligence organisations, native and foreign.

The description of administrative expansion at home and abroad concludes with a chapter on OSS which should be read along with Bradley Smith's impressive study, *The Shadow Warriors: OSS and the Origins of the CIA.* After the fall of Paris, SIS changed course and returned to old haunts. Nigel West charts the rise of Kim Philby and the activities of other Soviet moles in the war-time MI 6 suggesting that early links between the Soviet Union and Nazi Germany enabled the latter to gather good informatioo about SIS's internal structure even before the Venlo catastrophe. West ends with the theme that made his earlier study of MI 5 such a public event, the Soviet penetration of the British intelligence services.

Charles Cruickshank's book, *SOE in the Far East*, is of a different order. Although its official historiao, he has written a highly critical account of the role of SOE in the Far East. Special Operations Executive was created in 1940 to engage in sabotage, subversive activities and black propagaoda. It was intentionally removed from military control and made responsible to the Minister for Economic Affairs, Hugh Dalton. Modelled after its European counterpart, SOE in the Far East was asked to perform tasks for which it was totally unsuited.

The first "Oriental Mission" was created far too late to organise "left-behind" parties to engage in rear-guard fighting and what efforts were made ran into the opposition of hostile or incompetent British military and civilian authorities. Even when SOE's "India Mission" began to operate and, under Lord Mountbatten's command, was attached to the South East Asia Command in 1943, its agents could not carry out their sabotage brief and soon turned to intelligence work from which they had been specifically debarred and, far more successfully, to paramilitary operations which had oever been intended.

In retrospect it seems almost ludicrous that SOE should have been expected to carry out special operations along European lines. The distances to be covered were vast; the jungle a far more hostile force than the Japanese. Any white face marked an enemy agent. In most of South-east Asia, there was often doubt as to who was the real enemy and SOE agents were tarred with the colonial brush. Most natives were concerned only to stay alive. It was immaterial whether the occupier was Japanese or British. Agents, generally badly informed about highly complex local situations, sought support where they could. Aung San's formerly pro-Japanese nationalists. Communists, anti-British and anti-Japanese guerrillas.

The Foreign Office recoiled from such alliances. Roosevelt's and Churchill's antipathies towards De Gaulle resulted in disaster for the SOE and their Free French allies in Indo-China. Pressed to do something parties were dropped blind into the jungle to gather intelligeoce from non-existent resistance groups with W/T equipment designed for temperate climates and mains electricity. SOE agents were to engage in propaganda among men from ao entirely different world. It is hardly surprising that the whispering campaign to sustain morale had dubious results or that propaganda among the Japanese fell on deaf ears. It proved virtually impossible to induce surrender.

The author does full justice to the bravery of the operatives of Oriental and India Missions. There were incredible individual and group acts of bravery ranging from Ivan Lyon's tiny fleet which sank 50,000 tons of Japanese shipping in Singapore harbour to a massive currency black market organised in China by a somewhat dubious character which saved the Allies millions of pounds. But the most successful of SOE's operations was in Burma where acting as a paramilitary force, Force 136 helped the 14th Army defeat the Japanese by cutting off escape routes and making an orderly withdrawal impossible.

It was by departing from its original charter and working as an irregular force with the military that India Mission showed what could have been done if SOE headquarters and Lord Mountbatten had understood that there was no scope in the Far East for special operations in the accepted sense. Both those books suggest that if the Ultra breakthrough made intelligence the British success story of World War II, there are still chapters to come which point to a more mixed verdict than has so far beeo accorded.

Zara Steiner is a Fellow of New Hall Cambridge, and author of works of diplomatic and intelligence history.


John Masefield, poet laureate, in 1937 with members of the Oxford University Dramatic Society who were performing "Twelfth Night" in a London pub. On the poet's right is his wife and on his left, Phyllis Konstam who played Olivia

Laureate on an even keel

BY PETER VANSITTART

Letters to Reyna
by John Masefield, edited by William Buchan. Buchan and Enright. £14.95, 509 pages

John Masefield once reflected, "I am no great shakes as a writer." Yet he was a considerable one. His poetry is uneven, not greatly developing, though, with Kipling's, briefly the most widely read since Tennyson's, with sea-passages scarcely rivalled. His plays were backed by Shaw and Granville-Barker. His adventure novels are easily comparable to Conan Doyle's, and his childrens' tales vie with Kipling's. Certainly, unlike his successors, he was no intellectual, his remark on Hardy applies also to himself. "He spoke not from a brain but from a nature."

A Victorian, with debts to Chaucer, Malory, Rossetti, Yeats, his romanticism was tempered by early hardship, a brief, unhappy sea-career, diverse and impoverished drudgeries in a raw violent America, first-hand experiences in the Great War, before ending as Laureate, OM, with some hundred published works.

Masefield wrote many letters to many people. Here, from over a thousand, written to "Reyna," the violinist Audrey Napier-Smith, during Masefield's last 15 years, Mr Buchan has skilfully chosen and annotated some 600. They are quite informal unlike, say, Rilke's, those aesthetic, metaphysical, confessional and descriptive set-pieces. Always a seeker, not a guru, Masefield is conversational, courteously conveying his experience of people and arts.

Of Voltaire, he concludes casually, "His genius was not to give light, but to shatter darkness."

Reyna, much younger, actually meeting him only five times, knew how to stimulate them both, with questions about Swinburne, Keats, Rabelais, Wilde, Boswell, Harnun al Raschid, Texas seamanship. In small notes and tiny essays, unsensational but shrewdly professional, he discussed such matters as the faulty nautical observation of Turner, Ruskin, Stevenson, Breughel, the shape of mice's feet, public executions, Napoleon the privilege and terror of being Cervantes, foxes as pets, Jesse James, Greek poetry, Irving, William Huggins' sea-paintings, Apuleius, reincarnation, fear of spiders, Wellington, Macbeth, old circuses, Disraeli W. G. Grace, Dr Porson drinking ink, a dying Spanish grandee murmuring that his killer had been a perfect gentleman, Victor Hugo's marvellous "tommy rot" about Waterloo, Wagner in cloth-of-gold trousers, Lily Langtry, great sailing ships, nightmarish ports and cut-throat occasions, Ziggurats, and much more besides.

The poet had long outlived his day, was not much concerned with contemporary reputations and issues, but remained a productive link with vanished countrysides, a lost America, obsolete ships, faded poets. He had seen mail coaches, Waterloo veterans, Yvette Guilbert, a London leper selling pigs' trotters outside a railway station. His mass of curious knowledge make long, unofficial social history, quirky, rambling, yet consistent in tone and values, scrupulously honest. It is not profound, but moving, this bright communion between a remarkable woman and a tough, rather lonely old man, not a great writer but with something of greatness; exchanging letters, gifts, comfort in distress.

The free-ranging curiosity depicted here never failed. Dying, Dr Masefield was anxious to know whether the axle of a newly-found Greek chariot was of bronze or cast-iron.

Fiction

Dreamwoman

BY MARTIN SEYMOUR-SMITH

The Life and Loves of a She-Devil
by Fay Weldon. Hodder and Stoughton £8.95, 240 pages

Fay Weldon glosses her tenth book of fiction, and her most fantastical to date, with the followiog definition from the *Oxford English Dictionary:*

She-Devil: N. Malignant woman, female devil . . . besides the more literary sense, sometimes means with the violence, desperation, cleverness or other qualities attributed to the Devil; extremely —excessively.

I am not sure whether this is supposed to demonstrate that the editors of the Dictionary have been "sexist" or not. Webster (out of interest) is far less complex: "A woman who is like a devil (as in harshness or torment of others)." At all events, if the devil (certainly male by tradition) is a gentleman, Fay Weldon's she-devil in this novel is no lady.

The novel is written in short, unindented paragraphs separated by rather generous white spaces, which gives the narrative a somewhat jerky effect—perhaps intended.

The story is of an oversize and by her own account clumsy and ugly woman called Ruth, who has never thought of herself as a "she-devil." But her husband, to whom she is reckoned to have been "such a good wife," tells her that he has been conductiog an affair with a rich young authoress of romantic pulp fiction. This is where fantasy creeps in: Mary Fisher is not, and is not intended to be, a real person — she is rather one of the heroines of her own worthless, commercially valuable books: a silly man's pseudo-romantic dream.

Ruth rebels. She burns down her house, making sure that her husband can make no insurance claim, and she has a public affair with the local drunk and alleged flasher. She plans and carries out an elaborate revenge, and enters into competition with Mary Fisher: finally she can write as "good" a novel as this rich authoress, although of course she will not allow publishers to issue it. She becomes Mary Fisher in the sense that Mary Fisher is merely the unreal embodiment of false dreams, hopes, desires.

In a way Ruth remains real, the one real person in the book: she is real in that her battle for self-assertion is convincing. She is a "comic turn, turned serious." But what has she become? Here the book—which has many incidental flashes of humour and irony — degenerates into mere farce, or at the least a cautionary tale.

The satire on the vulgarity of the "dream woman" is excellent and biting, and it was a fine notion to cause someone like Ruth to choose to transform herself into such an unreal and fundamentally obscene thing. But what of her own identity? Is this a warning to men? Is it a warning to women? The satire is wholly unresolved.


Fay Weldon: heroine made up of male fantasies

White roses all the way

BY RICHARD OLLARD

The Last Stuarts
by James Lees-Milne. Chatto & Windus: The Hogarth Press. £12.50. 244 pages

Legitimism is an un-English concept. The pragmatic genius of the race shies away from any system of ideas inflexibly applied to any subject, above all to politics. Even to the rule of law, that fundamental English notion, the corrective of equity has been invented to stop us all being carried out of sight of common sense by the unstemmed tide of logical consistency.

The sympathy aroused by the exiled Stuarts and their descendants, dispossessed by the Revolution of 1688, has been almost entirely emotional and romantic. Balladry and the novels of Scott and Stevenson, the glamour of a forsaken cause, the looks, the charm, the personal graces of distressed princes made yet more conspicuous by contrast with gross and boorish Hanoverians—these have been the preservatives of an issue that the national crowner's jury have long pronounced dead by *felo de se.* Mr Lees-Milne, an interesting and idiosyncratic writer, is an exception to all this. Unhesitatingly he grounds his study of James II's descendants on an axiomatic assumption of their right to the British throne. Although his publishers, no doubt prudently concerned not to find themselves in the Tower or, more prosaically, left off the Honours List, shufflingly use the word "Pretender" to describe the well-chosen and unfamiliar portraits on the jacket, the author uncompromisingly, not to say provocatively, uses the word "King."

Mr Lees-Milne's travels round the country in the closing years of the war and the first months of the peace have enriched our literature with an almost Pepysian sharpness of description. Or is Evelyn Waugh a better comparison? Certainly few writers can describe an interior or strike off a character in fewer, defter strokes. He is particularly good on the isolated, the cranky, the absurd. His sympathies are at once aroused by those who consciously reject the age in which they live. No false deference to egalitarian ideas disguises his outspoken detestation of the common herd. The Old and Young Pretender and the Cardinal of York have been fortunate in enlisting so formidable a champion.

Yet the clarity and vigour of Mr Lees-Milne's mind can leave the reader in no doubt that the Stuart epigoni were a Third Eleven lot. His portrait of the Old Pretender or James III shows him to have been, of the three, the most attractive character, and the most fitted for the British Throne. But the very qualities of gentleness and honour that would have dignified him as a King disqualified him as an insurrectionary leader. As to his elder son, Bonny Prince Charlie, youthful sparkle soon fizzled into a dismal repulsiveness that Mr Lees-Milne is too good an artist to play down. Where perhaps he lets his heart get the better of his head is in his portrayal of the younger son, Henry, Cardinal of York, an amiable figure of awe-inspiring dimness. Had he been a Whig or a Hanoverian would the author, one wonders, have been *quite* so nice to him? Perhaps it is the contrast with the utter caddishness of his brother and the tigerish ruthlessness of his brother's wife that makes this guileless old pussycat wash whiter than white. The marriage of the no longer Young Pretender to the clever and beautiful Princess Louise of Stolberg-Gedern and her prolonged affair with the poet Alfieri could have provided Rossini with a real-life libretto. The *buffo* element was supplied by the kind, well-meaning Cardinal, heartlessly exploited and spitefully execrated by both husband and wife.

The book is not without its own curiosities. We are told on page 159 that 8,000 books from the Cardinal of York's Library at Frascati, salvaged from the rubble while fighting was still raging in 1944 . . . were stacked in the fourth floor of the New Deposits Gallery of the Vatican Library. There they presumably repose at the present time, as yet inaccessible to students of bibliography.

What, one wonders, is the force of "presumably"? Forty years seems a long time to leave so many books lying on the floor. The author tells us in his preface that this book was written 10 years ago. Has it similarly languished on the upper floors of Chatto's premises in William IV St, an appropriately Hanoverian prison? If so handsome amends have been made by its design and production. The illustrations are unfamiliar and well chosen.

High eye

The Earth Beneath Me by Dick Smith. Angus and Robertson. £12.95. 254 pages.

A feast of aerial photographs is contained in *The Earth Beneath Me,* the tale of a solo helicopter journey across the world by Dick Smith, traversing North America, the North Atlantic, Europe, the Middle East, India, South-East Asia and Australia, between Fort Worth, Texas, and Sydney.

It is essentially a personal account, but nonetheless most readable.

M.D.

Champagne Quiz Results

THIS year's entry to our annual Christmas Quiz was, in the words of Honey Russell, editor of Tough Puzzles, who devised the quiz for us, "a vintage one—in terms of numbers, which were rather down on last year, but in terms of quality." Almost everybody who entered got almost everything right.

She herself had judged the quiz to be a bit more difficult than usual (which may account for the smaller number of entries) and so was particularly impressed by the standard of the answers. In particular, you seem to be a very numerate group—almost nobody fell down on any of the questions that involved logic or arithmetic.

The question, astonishingly enough, which gave most people most trouble was number 4b in the Quiz of the Year section. Only half of you got the right answer Lech Walesa, but many of you had other ingenious suggestions like a Birmingham tea lady, a Bradford croupier, Peter Tatchell or Vanessa Redgrave.

As usual there were *quite a lot of group entries some from offices*, others came from family groups like the Townsend family and guests who had obviously enjoyed pooling their skills.

In the end the three winners selected themselves—there were two with no mistakes at all and a third who had a different but acceptable answer on one small question.

So to our three winners (Mrs Janna Williams of Hampstead; V. J. Bray of Peterborough and Jan Evans of South Glamorgan) many congratulations—a magnum of champagne is already on its way to each of you. To all those who entered but didn't win—better luck next year. My particular thanks go to all those readers who added such friendly and appreciative remarks on their entries.

Literary Quiz

1—What is the connection between:

(a) the authors of Rip Van Winkle and White Fang? *Capital cities—WASHINGTON Irving and Jack LONDON*

(b) the author of The Garden Party and Sir Thomas Bertram's Park? *Katherine MANSFIELD and MANSFIELD Park (Jane Austen)*

(c) Forster's Howard, Ford Madox Ford's parade and Beckett's game? *Howard's END, Parade's END, ENDgame*

(d) Tennyson's seaman and Shakespeare's mother? *Enoch ARDEN and Mary ARDEN*

(e) Conrad's darkness, Greene's matter and Scott's Midlothian? *HEART of Darkness, The HEART of the Matter, HEART of Midlothian*

2—What is wrong with the following quotations?

(a) Water, water, everywhere. But not a drop to drink *NOR ANY drop to drink*

(b) He was the noblest Roman of them all *THIS was the noblest . . .*

(c) Music has charms to soothe a savage beast *. . . a savage BREAST*

(d) Stands the Church clock at ten past three? And is there honey still for tea *. . . at ten To three*

(e) I must go down to the seas again, to the lonely sea and the sky *I must down . . .*

3—What sports are suggested by:

(a) the author of The Forsaken Merman? *Rugby (Matthew Arnold, son of Thomas Arnold, headmaster of Rugby School)*

(b) Dickens' fireplace? *Cricket (The Cricket on the Hearth)*

4—In which books do the following families appear?

(a) The Joads *The Grapes of Wrath*

(b) The March Sisters *Little Women*

(c) The Starkadders *Cold Comfort Farm*

5—What type of family is composed of the following?

Forester's African, Kipling's man and Wilde's happy boy *Royal Family—The African Queen, The Man Who Would be King, The Happy Prince*

6—Which is the odd one out in each of the following groups, and why?

(a) The Bostonians, Dubliners, The Europeans *Dubliners—by James Joyce, while the others are by Henry James*

(b) C. Day-Lewis, C. S. Forester, C. S. Lewis *C. S. Lewis—the others are Cecil while he is Clive*

(c) Villette, Clayhanger, Middlemarch *Clayhanger—it is a person's name, while the others are placenames*

(d) Crotchet Castle, Nightmare Abbey, Doubting Castle *Doubting Castle—the others are titles of works by Peacock; Doubting Castle is featured in the Pilgrim's Progress by Bunyan*

(e) Henry V, Henry VI, Henry VII *Henry VII—the others are the titles of plays by Shakespeare*

7—Which 'Lord' or 'Lady' is suggested by each of the following?

(a) A fan *Lady WINDERMERE'S Fan, by Oscar Wilde*

(b) The mirror crack'd *Quotation from The Lady of SHALLOT, by Tennyson*

(c) Conrad's sailor *Lord JIM*

(d) Constance *Lady CHATTERLEY, by D. H. Lawrence*

(e) Excalibur *The Lady of the LAKE, by Tennyson*

(f) Stranded schoolboys *The Lord of the FLIES, by William Golding*

(g) She should have died hereafter *Lady MACBETH, quotation from the play*

Quiz of the year

1c Jenny Pitman

3a Hever Castle

1—Ladies first

(a) Which woman was the first to receive the freedom of Falkland Islands? *Mrs Thatcher*

(b) Which post is now held by a woman for the first time? *Lord Mayor of London*

(c) Why was Corbière's win in the Grand National a first for Jenny Pitman? *She was the first woman trainer of a Grand National winner*

(d) Valentina Tereshkova was first in 1963, but Sally Ride was second in 1983—as what? *Woman astronaut (space shuttle)*

2—Obituary

Many well-known figures died during the year: from the following clues, can you identify some of them?

(a) Brusque traitor *Anthony Blunt*

(b) Seasonal QC *Judge Christmas Humphries*

(c) Civilised peer *Lord Clark*

(d) Discreetly charming film director *Luis Bunuel*

(e) American state playwright *Tennessee Williams*

(f) Dad's sergeant *John le Mesurier*

2e Tennessee Williams

3—Changing bands

(a) What did Lord Astor sell for about £9m? *Hever Castle, Kent*

(b) Lazard Frères of New York were paid £1½m compensation—for the loss of whom? *Ian MacGregor*

(c) From which firm was £7m stolen in East London? *Security Express*

4e David Martin

4—Problems, problems . . .

(a) Konrad Kujau wrote all 62 volumes, but who was claimed to be the author? *Adolf Hitler—his diaries*

(b) Who was off work for seven years, having been dismissed because of union activities? *Lech Walesa*

(c) Who was found at Belsize Park two weeks after he was supposedly found in Kensington? *David Martin*

(d) Who finally agreed to pay over £½m rate arrears to Camden Council? *Russia for their Trade Delegation premises in Highgate*

(e) What cost £1bn in Yorkshire, but was put out of action by flooding after four weeks? *Wiston Colliery, in the new Selby coalfield*

5—The long and the short

(a) Which sportsman retired in January at the age of 26? *Bjorn Borg*

(b) What began in Glasgow and ended in Hyde Park 43 days later? *The People's March for Jobs*

(c) Who resigned on March 18, 49 days after his company began operating? *Peter Jay (TV-am)*

(d) Richard and Adrian Cook ran 2,100 miles in 101 days—where? *Along the Himalayas*

6—Taking over Who did the following replace, and as what?

(a) Bernard Weatherill *George Thomas, as Speaker of the House of Commons*

(b) Robin Leigh-Pemberton *Gordon Richardson, as Governor of the Bank of England*

(c) Roy Hattersley *Dennis Healey, as deputy leader of the Labour Party*

(d) David Bairstow *Roy Illingworth, as captain of Yorkshire County CC*

6b Gordon Richardson

7—In passing The following names made the news during the year. Can you briefly say why?

(a) Melrose Avenue, Cricklewood *Home of mass murderer Dennis Nilsen*

(b) Tonypandy *Viscountcy adopted by George Thomas*

(c) Sakhalin Island *"Sensitive" island near where the South Korean Jumbo was shot down*

(d) Thrust II *Richard Noble's car gaining the new land speed record for Britain*

(e) Benigno Aquino *Exiled Filipino opposition leader assassinated at Manila airport*

8—Saved!

(a) Tadworth Court was saved by a government grant—what is its function? *Country branch of the Great Ormond St Hospital for Sick Children*

(b) Penrith was held by the Conservatives in a by-election—who was the outgoing MP? *William Whitelaw (elevated to the Lords)*

(c) Which organisation was saved by the reversal of a decision made by Dr Gerard Vaughan? *Citizens Advice Bureaux*

9—Repeat performances

(a) What was won, and by whom, at Helsinki, for the third successive year? *World ice dance championship: Jayne Torvill and Christopher Dean*

6d Ray Illingworth

(b) Who won what in London for the eighth successive year? *Oxford: the boat race*

(c) What happened to Jacob van Gheyn III for the fourth time in 16 years? *Painting stolen from Dulwich College art gallery*

(d) Who successfully arrived in unprecedented numbers in Liverpool? *Sextuplets*

10—Miscellanea

(a) Which company announced in February plans to close its works at Shildon, Co Durham? *British Rail*

(b) Why was no comment made for the nine weeks after June 1? *The Financial Times was stopped by a dispute*

(c) Why did the outlook for Mrs Thatcher improve after August 3? *She had an operation to repair a tear in the retina of her right eye*

Tricky Quickies

1—As winter's icy grip slackens, the three icicles hanging outside my window begin to melt. Icicle A, which is 12 cm long, drips at a rate of one drip per minute; icicle B, which is 34 cm long, at one drip per 20 seconds. Icicle C is 20 cm long. For every 60 drips, the icicles shorten by 1 cm. If, at the moment that icicle C has completely dripped itself away, B is exactly twice as long as A, how often does icicle C drip?
Every 30 seconds

2—Five people are standing in a row. My only sister is standing between her brother-in-law and his brother-in-law. My sister's husband, who is an only child, is standing next to his sister-in-law, who is standing two places away from my brother. Who is standing next to me?
My sister's husband (I am a woman)

3—The forester loaded his lorry with fir trees from his plantation and set off to deliver them to eight retailers in time for Christmas. At the first shop, he delivered one-eleventh of his trees; to the second, one-fifth of those remaining; to the third, *one-eighth* of those *remaining*; and 16 fir trees were unloaded at the fourth. One-quarter of those remaining on his lorry were delivered to the fifth shop; one-half of those remaining, to the next; one-third of those remaining, to the seventh; and the final 10 trees went to the eighth shop. How many fir trees did the forester have on his lorry to start with?
88 fir trees

Adcross

B	AS	S		C	O	L	L	A	R		.
E	H	A	L	L		I		R	A	I	N
L	IA	R		A	F	F	E	C	T		F
O	D	I	S	F	U	T	E		T	H	E
W	R		U		S		L	I	L	A	C
	E	S	P	R	I	G		R	E	N	T
	P	A			L			O		D	
H	O	K		C	L	O	W	N		L	
O	S	E	R		A		O		S	E	T
M	E		O	D	D	M	E	N	T		H
A		E	C	R	E	E		O	R	G	Y
G	R	W		O		A	L	S	O		M
E		E	A	P	E	D		E	P	E	E

THE Letters given as each clue were part of the answer, and appeared in the right order. Readers were asked to complete the word in each case. For example, the clue "TR(4)" could lead to many answers, including TRAY, TRIP, TORN, TURK or STAR.

ACROSS		DOWN	
1 BA (4)	25 OK (4)	1 LOW (5)	22 ON (4)
4 OLL (6)	27 COW (5)	2 SDY (5)	23 AK (4)
9 LL (4)	29 OSR (5)	3 SI (4)	25 HMG (6)
10 AI (4)	31 ST (3)	4 CL (4)	26 CDR (6)
11 IA (4)	33 EN (3)	5 IF (4)	28 OE (3)
12 AFC (6)	34 DDMT (7)	6 AC (3)	30 OC (3)
15 IPUT (7)	38 CEE (6)	7 RTT (6)	31 TRP (5)
17 TH (3)	40 GY (4)	8 IFC (6)	32 HME (5)
19 RY (3)	41 EW (4)	13 FSLLD (9)	35 OP (4)
21 LLA (5)	42 SO (4)	14 EL (3)	36 AD (4)
23 RIG (5)	43 APD (6)	16 UP (3)	37 OS (4)
24 RN (4)	44 EP (4)	18 DLE (6)	39 WE (3)
		20 POS (6)	

Figure it out

READERS were told that the digits 1-9 each appeared four times in the grid, and no two squares which were adjacent horizontally or vertically contained the same digit. Every instance of a digit's occurring more than once in a row or column was mentioned in the clues.

	1	2	3	4	5	6
1	8	4	7	5	8	6
2	4	1	5	3	2	1
3	1	2	1	9	7	3
4	5	6	2	5	3	9
5	9	8	7	8	6	7
6	4	6	3	2	4	9

ACROSS

1—A pair of 8s, which are the highest numbers; the sum of the digits is 38

2—A pair of 1s; the sum of the digits is 16

3—A pair of 1s; 9 is the highest number

4—A pair of 5s; the sum of the digits is 30

5—A pair of 7s and a pair of 8s; the sum of the digits is 45

6—A pair of 4s; the sum of the digits is 28

DOWN

1—A pair of 4s; the sum of the digits is 31

2—A pair of 6s; 8 is the highest number; the sum of the digits is 27

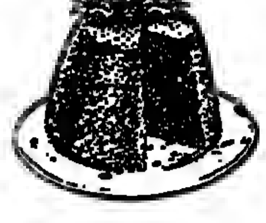
3—A pair of 7s; the sum of the digits is 25

4—A pair of 5s; the sum of the digits is 32

5—There are no 9s; the third figure from the bottom is half the second figure from the bottom

6—A pair of 9s enclosing a 7; there are no 5s; the sum of the digits is 35

Christmas Puddings



LADY Dow-Jones boosted production of Christmas puddings to five this year to cater for her large family and anticipated house guests. Lord Dow-Jones announced that he had (with *untypical* generosity) put a freshly-minted coin in every pudding and invited the children to guess what coin was in each one, telling them only that all five coins were different and reminding them that current denominations were ½p, 1p, 2p, 5p, 10p, 20p, 50p and £1. Here is what the children guessed (the puddings have been lettered for convenience):

	A	B	C	D	E
Joshua	50p	½p	20p	5p	2p
Jerome	£1	20p	1p	50p	5p
Jemima	½p	10p	5p	£1	½p
Jonquil	20p	£1	50p	½p	10p
Jasper	2p	1p	½p	10p	20p
Jasmine	½p	5p	£1	2p	50p

It is remarkable that every child guessed exactly three of the coin denominations correctly, yet no child succeeded in placing the correct coin in any pudding. Readers were asked to say which coin was in each pudding.

A=5p, B=2p, C=10p, D=20p, E=£1.

Rebus

READERS were asked to identify the objects in the order indicated by the Roman numerals (the figures in brackets refer to the number of letters in each word or phrase). Maintaining this order, readers had to select from each word or phrase a group of either two or three consecutive letters, so that when the groups are put together they form the title of a well-known novel.

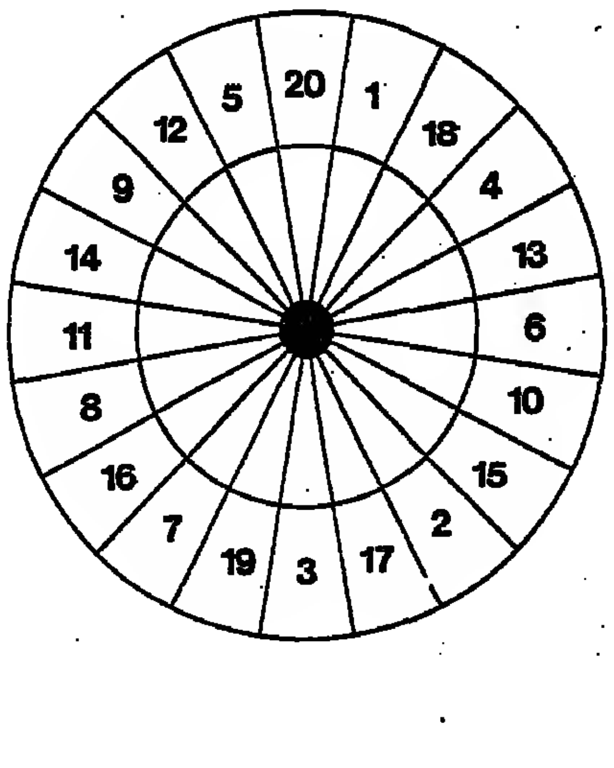
Nineteen Eighty-Four

Dartwords

READERS were told that 20 letters of the alphabet (not D, F, L, M, V or Z) were each represented by one of the numbers on the dartboard. Reading clockwise round the board from the 20 at the top, the letters thus represented spelt out five words (of three, three, five, five and four letters respectively). Eleven throws of three darts had been made, as shown below; the score for each word equalled the sum of the numbers representing its letters. Readers were asked to determine which letter was represented by each of the numbers on the dartboard.

PEA=30 QUO=43 SHY=25
AXE=22 BUT=37 YAK=33
PUP=33 JAW=33 KIN=32
QUA=42 JOG=49

20=B 1=E 18=G; 4=S
13=P 6=Y; 10=T 15=H
2=R 17=O 3=W; 19=Q
7=U 16=A 8=C 11=K;
14=J 9=I 12=N 5=X.



Selling the South Bank to the people

Antony Thorncroft on the legacy of the GLC's hard-sell arts policy

The annual report of the London Orchestral Concert Board this week made doleful reading. It tells of a crisis in the affairs of the capital's four leading orchestras, the London Philharmonic, the London Symphony, the Royal Philharmonic and the Philharmonia, at least in their prime activity, the 250-odd concerts they present in London, mainly at the Royal Festival Hall.

In the year ending March, 1983, the orchestras suffered a fall in audiences at the Festival Hall from 69 per cent of capacity to 65 per cent. For the LSO's concerts the decline was even more dramatic, from 64 per cent to 53 per cent. Even the Philharmonia, which, backed by a generous du Maurier sponsorship has been able to cultivate a regular audience, saw a slip, from 79 per cent to 76 per cent.

But, fortunately, much of the report is already an historical document. The year under review ended on March 31, 1983. A day later the GLC started to implement its new policy for the South Bank, to attracting more visitors. Mr Tony Banks, then chairman of the GLC arts and recreations committee, was anxious to broaden the appeal of what is the biggest arts complex in London. Concert-goers tend to be middle class; a third of the audience came from the outer suburbs. GLC ratepayers, who contribute the £4 million that it will cost the GLC to subsidise the South Bank this year, were not getting much direct return for their money.

So the foyers, concourses and restaurants were flung open to the people. This cost the GLC money — immediately through the loss of the £500,000 a year in revenue contributed by business conferences who traditionally hired the halls during the day: and in the long term through the heavy marketing campaign launched to publicise the livelier South Bank, which will shortly go into top gear with a TV and radio advertising burst.

The new catering policy, with more popular prices; the free lunchtime concerts and the week end jazz; the record shop and the book store, have done their job. By the end of this month Mr Laurence Peterken, who is masterminding the South Bank, expects to welcome the millionth foyer visitor since April. Around three quarters of a million extra people a year now pop in to the South Bank and all told outnumber the audiences for concerts, which approach a million.

The art exhibitions have been a particular success. The first, the work of Gerald Scarfe, attracted 150,000. The catering is beginning to reflect the flow of visitors, contributing around £150,000 a year in revenue, and rising.

Since the period covered by the LOCB report concert attendances have increased by 7 per cent. Obviously the bolder promotion, both for the halls and the programme, is having some effect. But further investigation suggests more complex developments. Research reveals that audiences in October were way up, from 61,500 in October 1982 to 73,500; there was a 4 per cent fall in the audiences for the LOCB supported symphony concerts. The extra audience had come to hear visiting orchestras, from Israel and the Soviet Union, and choral concerts, from the Vienna Boys Choir and others.

Although the GLC contributed to the £1,982,000 which the LOCB distributed to the London orchestras, and smaller organisations in 1982-83, "we are not approaching the stage when we are threatening the orchestras," says Tony Banks. He would obviously like them to increase and broaden their audience but thinks better marketing of their activities is their first task.

With the four major orchestras recording an average deficit on their Festival Hall concerts in 1982-83 ranging from £7,959 for the LSO to £4,361 for the RPO some searching questions need to be asked.

If the GLC does disappear under the Government's local government re-organisation plans it will not help the London orchestras. If anything it will worsen their financial position since any new overlords of the complex will lack both the cash and the commitment to invest in the arts. But as its activities multiply the closer its demise approaches, the GLC could transform the look of the South Bank before it goes under.

It has just received the report from architect Cedric Price who was asked for ideas to brighten up the area. His imagination may be too rich even for the GLC but if there is no time nor inclination to push through his concepts there is already work in progress on linking the various arts centres, first by a covered walk way between the Festival Hall and the Hayward Gallery and developing in time to a series of communicating channels which will stimulate even more crowds and cross fertilisation on the South Bank.

Whatever happens in the broader political arena, Tony Banks will have left his mark on the physical artistic face of London. Whether he will have succeeded in changing the artistic output of the South Bank is another matter, but even if tradition survives for a little longer, in time market forces will make themselves felt within the concert halls.

Laurence Peterken: masterminding the changes

Britten after Britten

BY ANDREW CLEMENTS

In the relatively brief history of the gramophone only two composers have systematically directed and recorded their work. Stravinsky's series of discs by no means contains definitive performances, but the legacy of Benjamin Britten's recordings as conductor and pianist from the 1950s and 1960s has until very recently proved an effective block on further versions of all but a handful of the most popular compositions.

It was Philips' release of *Peter Grimes*, conducted by Colin Davis, that broke the stranglehold, and the discovery of a hoard of early Britten works demanding urgent critical attention added further fuel. Now arriving within a month of each other are new accounts of *The Turn of the Screw*, conducted by Colin Davis (Philips 410 426-1, two records), and the *War Requiem*, conducted by Simon Rattle (EMI SLS 1077573, two records) that provide real alternatives to the famous versions by the composer himself.

Certainly a bright, shining *Screw* was badly needed. Britten's recording is now 30 years old, and in mono sound only; while the soundworld of the opera should be lean, it is not quite as impoverished as it appears there. The old set will continue to be invaluable not just as a historical document but especially for Peter Pears' twin roles of Prologue and Quint, and David Hemmings' haunting and haunted Miles. In every other respect however the newcomer surpasses it: as sheer sound, in the way in which every particle of the score is made to matter by the eloquent playing from members of the Royal Opera House Orchestra, and in Davis' profoundly considered and measured direction.

Robert Tear's Quint is perhaps the set's only partial disappointment. The effortless effusion of the spiralling melismas that were tailor-made for Pears escapes him; elsewhere his rather blunt menace seems out of kilter with the understated evil that is the score's *raison d'être*. Lillian Watson's Flora is possibly a shade too knowing; coupled with Michael Ginn's straightforward Miles they make the two children less intrinsically interesting than before.

The surprise among the cast is Helen Donath, a Governess who grows in commitment and perception as the work progresses, while Philip Langridge contributes a lucid Prologue, nicely shaded, and Heather Harper a Miss Jessel of clean vocal profile, a precise analogue to the brusqueness of this Quint. Ava June's warm, easy Mrs Grose completes a more than acceptable cast.

While the case for the new *Turn of the Screw* is forcefully made, I'm not sure Rattle's *War Requiem* displaces Britten's own set so easily. The sound of the original is so much more than serviceable stereo, the orchestra, chorus and soloists there are of the highest quality. And as with the passing of time the *War Requiem* appears more and more to be a child of its time (no pun intended), a work in which the precise circumstances of its genesis mattered at least as much as the quality of the music, so that recording, in its stark black and white box retains the same emotional charge: work, circumstances and recording are part of a single potent package.

One link with the first performance in Coventry Cathedral in 1962 is retained for the EMI set: the City of Birmingham Symphony Orchestra gave the premiere (but was replaced by the LSO for the Decca sessions) and it is Rattle's orchestra here. By and large the orchestral playing is very fine: a few passing imprecisions of ensemble matter not at all. Rattle brings energy, commitment and biting angularity to the rhythms, both choral and instrumental; he savours the almost surreal juxtapositions of Latin liturgy and Wilfred Owen's poetry to maximum effect, but even he cannot disguise the thinness of the Waltonesque fugue at "Quam Olim Abrahae," one of the weakest moments in the score.

Of the three soloists, only Thomas Allen surpasses his predecessor on record. He handles the English text more naturally than Fischer-Dieskau, without sacrificing any of the latter's dramatic intensity. "Be slowly lifted up" is awesome; "After the blast of lightning" is laden with anguish. Once again Robert Tear is forced into uncomfortable comparison with Peter Pears: his account of the tenor settings here seem less effective than that in the recent Festival Hall performance under Rostropovich, though he manages "One ever hangs" most beautifully. Elisabeth Söderström seems to me fundamentally miscast.

Yet it would be wrong to over-emphasise these shortcomings. Rattle's directness is a welcome antidote to the rather self-conscious fussiness that occasionally creeps into Britten's direction. The EMI sound too is richer and warmer, even if it is not as detailed as its digital origins might lead one to expect. But the new generation of Britten recordings promises to create not a few such problems of loyalty, intent and interpretation.

Noise annoys

Even in drama I'm not keen on sound-effects behind narrative. They distract my attention from the words. Sound effects behind simple descriptive narrative are worse. On Radio 3 on Wednesday the novelist William Boyd ... about his visit to Tallapoosa, a small southern U.S. town. It wasn't on his schedule, but he recalled Wallace Stevens's poem, "Stars at Tallapoosa," and made a detour to it.

Tallapoosa was, it turns out, the nadir of dullness. The dreary streets were empty. The one bar was full of unfriendly drunks, and Mr Boyd was expected to drink his beer from the can, as they all did. There were, officially, "no tourist attractions." Mr Boyd saw what his mind ... the image he had conjured from the poem, and left. His talk was as fascinating as could be, the right details displayed just the right way. There was no sound-effect. Intelligent listeners could provide those for themselves.

Next afternoon, on Radio 4, was the second transmission of Part 2 of Jerome K. Jerome's *Three Men in a Boat*, adapted and ... produced by Jeremy Nicholas, with incidental music by Jeremy Nicholas. It was a stream of effects from end to end, and if the sound had not been enough to stir up the visions in your mind, Mr Nicholas's dramatic delivery worked ceaselessly to so. His spite ... Jerome's clever observant writing, I thought I was listening to a charade, or a trip by boat down the Thames. The effects designed to ... the mind's eye blank ... them out entirely.

The BBC seem to have a ... Festival going on, for Radio 4 is also giving us ... parts of his *Diary of a Nobody* ... read by Lance Percival. I didn't hear the first part; I had a suspicion it must be the same as *Three Men on the Bummel*, but I'll review all next time. I noticed in Radio Times because it fell immediately before PM, a daily analysis of the questions of the day to which I am addicted. It has the same function, partly useful and partly pleasurable, as reading an evening paper.

Agenda 84, about which I wrote last week, doing a similar thing on a bigger scale. This week it gave us Robert Fox on the Lebanon situation, a subject on which it might be difficult to speak with authority since circumstance change almost daily. However, it's always useful to have "the story so far," as they say in less horrifying serials.

I write unkindly now and then about what I call "time-stuffers," programmes of no substance that seem to be put into the schedule because the listeners are unhappy if they can't hear a voice all day. Even Radio 3 has time-stuffers (*Cameorities*, *At the Club*), but Radio 4 has more and Radio 2, if it has them, has examples that are indistinguishable from what goes round them. Radio 4 begins on Monday mid-morning with *Pick of the Week*, presented by Margaret Howard, whom television viewers will remember as the imaginary assistant of Sir Cyril Burt.

Then on Saturdays we have *Stop the Week*, a concerto for Robert Robinson in which other contributors are allowed to interrupt if they can. I quite like Mr Robinson, and certainly no one else has ever kept Milton Shulman so quiet for so long. The week is really stopped at the moment, by *A Sideways Look at ...* by Anthony Smith. These talks seem to me straightforward rather than sideways.

Obliquity is also claimed for John Ebdon's four talks about life in the Greek Islands, *Near Myths*. The first of them, which I heard on Wednesday morning, seemed to me a rather regrettable piece of tourist snobbery, sneering at people so ignorant that they couldn't appreciate Greek food, music or manners. Well, the English abroad can be pretty awful, but so can their critics.

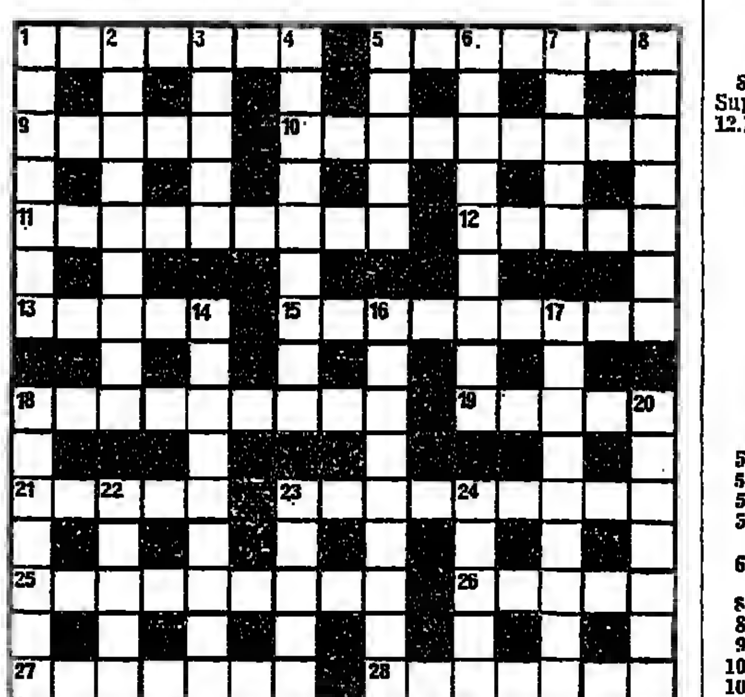
Rock bottom for me is *Funny Peculiar*, where well-known people like Brian Johnston have to guess what is funny about other well-known people like Barbara Kelly. She won an Eisteddfod in Canada; Lance Percival was once billeted in a brothel; Alan Minter worked as a wine-waiter. This comes twice a week.

I meant to write a bit about the plays, which I've been neglecting in the post-Christmas period; but Richard Edmunds's *The Electronic Lover* in my favourite spot, the Monday Play, was full of pop-ballads, and so was Afternoon Theatre on Sunday (*An Unfortunate Occurrence at Hounslow* by Colin Haydn Evans) and I couldn't sit through either of them. There seem to be one or two hopeful items coming up next week . . .

RADIO

B. A. YOUNG

F.T. CROSSWORD PUZZLE No. 5,316



A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....

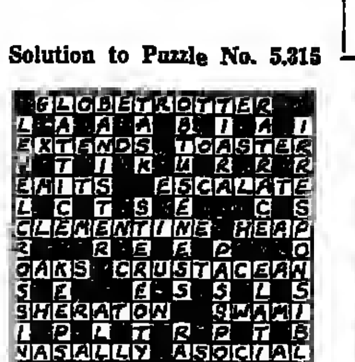
ACROSS

1 Thorny tree with bark? (3-4)
5 Overtake with relish (7)
9 eg Oscar — one having room for improvement (5)
10 Letter-opener? (9)
11 Taking notice of Wooster and Jeeves? (9)
12 Italian art centre, say, burnt for painters (5)
13 Doctor love work to decline? (5)
15 In a way, canes ruin comprehensives, etc (9)
18 This sounds like Astaire routine (4-5)
19 Elgar variation maestoso (5)
21 Kingdom begins with old royal mile (5)
23 Dog causing bloody street accident (3-6)
25 Ban turtle soup — it goes round in record time! (9)
26 Vaughan Williams in orchestral phantasy (5)
27 Good result from Gower, the county division (7)
28 Sluggard, coming out like beadle — about one (3-4)

DOWN

1 Brilliant type (7)
2 PM happy to take the weight? (9)
3 House-call and prescription (5)
4 Effusive body to make ms reverse a race (9)
5 Boy to be trained for repair of semi-detacheds (5)
6 Finance minister gives Silver Prize to redhead (9)
7 It reduces speed as the repair is made (5)
8 Book from the top drawer (7)
14 It shows how far one can walk with head in safe (9)
16 Veronica has to drive fast and efficiently (9)
17 Spot? It is for driving in the dark? (5-4)
18 Retire from contest with superficial injury (7)
20 Enticed outside church and thrown to one side (7)
22 Scottish isle in which a river flowed (5)
23 Plaited braid off the head? (5)
24 Great lake at head of Eskdale? Strange! (5)

Solution to Puzzle No. 5,315



Solution and winners of Puzzle No. 5,310

Mrs R. M. Hetherington, The Maltings, Bradfield St Clare, Bury St Edmunds, Suffolk.

Mrs Mildred Brandt, Tantogatan 41 XIII, 117 42 Stockholm, Sweden.

Mr D. W. Tillett, Witton, Norwich, NR13 5DS.

† Indicates programme in black and white.

BBC 1

5.35 am Godzilla. 9.00 Saturday Superstore. 12.12 pm Weather.
12.15 Grandstand, including 12.50 News; Football Focus (12.20); Racing from Ascot (12.55, 1.30, 2.05); Skiing (1.10) from Wengen, Switzerland; Athletics (1.45, 2.15, 4.30) the AAA Indoor Championships from RAF Cosford; Ice Skating (2.30) European Figure Skating Championships; Rugby League (3.55) from Central Park, Wigan, highlights of this afternoon's final between Widnes v Leeds for the John Player Trophy; Final Score (4.40).
5.05 News.
5.15 Regional Variations.
5.20 Jim'll Fix It.
5.55 The Little and Large Show.
6.30 The Action Film: "Trial Combat."
8.00 The Two Ronnies.
8.50 Bergerac.
9.45 News and Sport.
10.00 Wogan with guests.
10.50 Saturday Late Film: "The Cowboys."

REGIONAL VARIATIONS:

Wales—5.15-5.20 pm Sports News Wales.

Scotland—5.15-5.20 pm Scoreboard. 10.50 Sportscene. 11.20-1.05 am The Late Film: "Big Jake" starring John Wayne, Richard Boone, and Maureen O'Hara.

Northern Ireland—4.55-5.05 pm Northern Ireland Results (opt-out from Grandstand). 5.15-5.20 Northern Ireland News. 12.45 am Northern Ireland News Headlines.

England—5.15-5.20 pm London—Sport: South West (Plymouth)—Sportlight Sport: all other English regions—Sport/Regional News.

BBC 2

10.10 am Open University.
2.50 pm Saturday Cinema (1): "Tommy the Toreador" starring Tommy Steele.
4.15 Play Away.
4.40 Saturday Cinema (2) "Wonderful Life" starring Cliff Richard.
6.30 The Sky at Night.
6.50 Sight and Sound in Concert. "The Truth" (simultaneous broadcast with Radio 1).
7.30 News and Sport.
7.50 The 20th Century Remembered. Jack Jones former General Secretary of the TGWU, talks about his early life, including his return from the Spanish Civil War.
8.20 "A Woman of no Importance," play by Alan Bennett starring Patricia Routledge.
9.15 An Evening with Pam Ayres.
9.45 C. P. Snow's "Strangers and Brothers."
10.40 Men . . . an intimacy.
11.05 News On Two.
11.10-12.15 am Tennis. The Volvo Masters from Madison Square Garden, New York.

LONDON

6.25 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Sesame Street. 10.30 The Saturday Show.
11.55 World of Sport introduced by Jim Rosenthal: 12.00 World Cup Skiing from Badgastein, Austria; 12.45 pm News; 12.50 On the Ball; 1.20 Boxing: Joe Bugner v Anders Eklund; 1.40 The ITV Four (part 1) from Newcastle (introduced by Derek Thompson); 1.55 Figure Skating—preview of Torvill and Dean's bid to win European Ice Dance Championship; 2.10 ITV Four (part 2) from Newcastle and Leopardstown (Sweeps Handicap Hurdle); 3.00 Snooker—The Lada Classic and Figure Skating; 3.45 Half-time Soccer Round-up; 4.00 Snooker and Figure Skating; 4.45 Results.
5.00 News.
5.05 Fraggle Rock.
5.35 The Fall Guy.
6.30 Child's Play.
7.00 3-2-1.
8.00 Cannon and Ball.
8.45 Agatha Christie's Partners in Crime.
9.45 News.
10.00 Snooker — The Lada Classic.
12.30 am London News Headlines followed by Profiles in Rock (Kate Bush).
1.00 Best of Saturday Night Live, followed by Night Thoughts with Paul Boateng.

CHANNEL 4

2.00 pm Coping.
†2.25 "Tugboat Annie" starring Marie Dressler and Wallace Beery.
4.00 The Cat in the Hat.
4.35 Skateaway.
5.05 Brookside.
6.00 The Other Side of the Tracks.
7.00 No Problem!
7.30 News Headlines followed by Seven Days.
8.00 4 What It's Worth Holiday Special.
8.30 Within the Coral Wall.
9.30 The Avengers.
10.30 The Comic Strip presents.
11.10 "The Gun in the House" starring Sally Struthers and David Ackroyd.

S4C (WALES)

1.10 pm A Week in Politics. 1.50 Basketball. 2.45 The Amateur Naturalist. 3.15 Feature Film: "The Pickwick Papers." 5.05 Yt Awr Fawr. 6.05 The Incredible Hulk. 7.00 Newyddion Saith. 7.15 Storom Bywyd. 8.20 Treasure Hunt. 9.15 Y Maes Chwarae. 10.05 Arolwg. 10.35 Dream Stuffing. 11.05 The Devil's Lieutenant.

REGIONS

IBA Regions as London except at the following times:

ANGLIA

9.35 am Vicky the Viking. 10.05 Unicorn Tales. 5.35 pm Knight Rider. 12.30 am At the End of the Day.

BORDER

9.25 am Vicky the Viking. 9.50 Once Upon a Time-Man. 10.15 The Smurfs. 5.35 pm Knight Rider.

CENTRAL

9.25 am The Wonderful World of Professor Kitzel. 9.30 Metal Mickey. 9.55 Wattoo, Wattoo. 10.00 The Green Hornet. 5.35 pm Knight Rider.

CHANNEL

9.25 am Thunderbirds. 10.25 Puffin's Pla(i)ce. 5.05 pm Puffin's Pla(i)ce. 5.40 Knight Rider.

GRAMPIAN

9.30 am Neddy. 9.45 The Smurfs. 10.10 Falcon Island. 5.35 pm Knight Rider. 12.30 am Reflections.

GRANADA

10.20 am Cartoon. 5.35 pm Knight Rider. 12.30 am Mannix.

HTV

10.25 am Cartoontime. 11.53 HTV News. 5.35 pm Knight Rider.

SCOTTISH

9.25 am Cartoon Time. 9.35 Stingray. 10.00 The Flying Kiwi. 10.25 Adventures of the Mouse on Mars. 5.35 pm Knight Rider. 12.30 am Late Call.

TSW

9.25 am Dick Tracy. 9.30 Freeze Frame. 10.27 Gus Honeybun's Magic Birthdays. 11.52 TSW Regional News. 5.05 pm Newsport. 5.10 Fraggle Rock. 5.40 Knight Rider. 12.30 am Postscript. 12.35 South West Weather.

TVS

9.25 am Wattoo Wattoo. 9.35 The Smurfs. 10.00 Mork and Mindy. 11.52 TVS Weather. 5.35 pm Knight Rider. 12.30 am Company.

TYNE TEES

9.25 am Morning Glory. 9.30 Scott Billy. 9.55 The Flying Kiwi. 10.25 TT Time. 11.53 North East News. 5.05 pm North East News. 5.40 Knight Rider. 10.00 Sports Special including Snooker (Lada Classic) and Boxing: Simonsen v Fletcher. 12.30 am Poet's Corner.

ULSTER

9.25 am Space 1999. 10.20 Cartoon Time. 12.45 pm Lunchtime News. 4.55 Ulster Sports Results. 5.08 Ulster News. 5.10 Fraggle Rock. 5.40 Knight Rider. 9.58 Ulster Weather. 12.30 am News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast followed by Malotoons. 9.35 Metal Mickey. 10.00 University Challenge. 5.35 pm Knight Rider.

(S) Stereo broadcast

RADIO ONE

8.00 am Tony Blackburn's Saturday Show. 10.00 Dave Lee Travis. 1.00 pm Yoko Ono Talks to Andy Peebles (S). 2.00 Paul Gambaccini (S). 4.00 Saturday Live (S). 6.30 In Concert, featuring Chris Rea (S). 6.50 Sight and Sound in Concert, featuring The Truth from Goldiggers, Chippenham (S). (A simultaneous broadcast with BBC2). 7.30 Janice Long. 10.00-12.00 Gary Davies.

BBC RADIO 2

8.00 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm I'm Sorry, I Haven't A Clue. 1.30 Sport on 2: Football: News and scores from today's matches, plus second-half commentary on an important game; Athletics: Reports from Cosford; Racing from Ascot; Rugby League: Commentary on Leeds v Widnes for the John Player Trophy; Boxing: A look ahead to Tony Sibson's middleweight fight against Bobby Czyz. 5.00 Sports Report, including 5.30 Rugby Round-Up and 5.53 Pools news and football results. 6.00 Country Greats in Concert. 7.00 Jazz Score with chairman Benny Green. 7.30 An Evening in Vienna (S). 9.30 Big Band Special (S). 10.00 Saturday Rendezvous (S). 11.02 Sports Desk. 11.10 Pete Murray's Late Show (S). 2.00-5.00 am Bill Rennells presents You and the Night and the Music (S).

BBC RADIO 3

8.00 am News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 BBC Philharmonic Orchestra in Annecy Part 1: Elizabeth Maconchy, Tchaikovsky (S). 12.05 pm Interval Reading. 12.10 Part 2: Bartok. 1.00 News. 1.05 Schumann, Faure and Ravel piano recital (S). 2.00 Georg Philipp Telemann (S). 3.10 Martinu, Suk and Janacek orchestral music (S). 4.10 French Music for Piano and Wind (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 The Iberian Organ (S). 7.15 The Mad Pomegranate and the Praying Mantis (S). 7.45 Haydn and Schumann (S) from the Barbican Hall, London. Part 1: Haydn, Schumann (S) 8.40 The Ragged Edge (Talk by Idris Parry). 9.00 Concert part 2: Schumann (S). 9.45 Beethoven's "Diabelli" variations (S). 10.45 The Romance of the Rose (S). 11.15-11.18 News.

BBC RADIO 4

5.30 am News; Farming Today. 5.50 In Perspective with Rosemary Hartill. 5.55 Weather; Travel. Programme News. 7.00 News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective 7.50 It's A Bargain. 7.55 Weather, Travel; Programme News. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.43 Breakaway including 8.57 Weather, Travel and 9.00 News. 9.50 News Stand. 10.05 Talking Politics. 10.30 Daily Service (S). 10.45 Pick Of The Week (S). 11.35 From Our Own Correspondents. 12.00 News; Money Box. 12.27 pm The First Half Century (S). 12.55 Weather; Programme News. 1.00 News. 1.10 Any Questions? from Lutterworth, Leicestershire. 1.55 Shipping Forecast. 2.00 News. 2.05 Thirty-Minute Theatre. 2.35 Medicine Now. 3.05 Wildlife. 3.30 ET Comes Home. 4.30 Does He Take Sugar? 5.00 The Chip Shop (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel; Programme News. 6.00 News; Sports Round-up. 6.25 Desert Island Discs (S). 7.05 Stop The Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 The Fellowers (S). 11.00 Listen Out Darkness (S). 11.15 Animal Language. 11.45 A Sideways Look At . . . Anthony Smith. 12.00 News.

RADIO LONDON

7.32 am Good Fishing. 8.04 London Today. 9.03 Inside London. 9.30 Book Now Special. 10.02 All That Jazz. 11.30 Robbie Vincent's Saturday Show. 2.02 pm Breakthrough. 3.30 The Great Composers. 6.00 Guideline. 6.30 Evening Star. 7.30 Hold The Front Page. 8.00 Eastern Star. 8.30 Good Fishing. 9.00 As Radio 1. 12.00-5.00 am As Radio 2.

LONDON BROADCASTING

7.00 am AM with Peter Deeley. 10.00 Clive Bull's Fix-It Phone-In. 1.00 pm Sportswatch with Jeff Stelling and Dominic Allen. 6.00 Ona Fohy Reports. 7.00 Goet Mala. 9.00 Network. 10.00 Adrian Love's Nightline. 1.00 am Night Extra.

CAPITAL RADIO

7.00 am The Breakfast Show. 10.00 Pick of the Pops—Take Two. 12.00 Love Song Saturday. 2.00 pm Afternoon Delight. 5.00 Gary Crowley's Magic Box. 7.00 Greg Edwards' Soul Show. 9.00 Roots Rockers. 11.00 Foreign Affair. 12.00 Midnight Special.

CHESS SOLUTIONS

Solution to Position No. 498

1 B-R7 ch,K-R1; 2 NxB,QxN; 3 B-B2 dis ch, K-N1; 4 R-R5! Q-B5; 5 P-N3,Q-B3; 6 B-R7 ch,K-R1; 7 B-N6 dis ch, K-N1; 8 R-R8 ch,KxR; 9 Q-R5 ch, K-N1 (without White's 4th and 5th moves Black could now interpose Q-R3); 10 Q-R7 mate.

Solution to Problem No. 498

1 R-K6,KxR; 2 K-N7,K-Q1; 3 K-B6,K-B1; 4 R-R8 mate.

Pleasures from a neglected land of claret

BY EDMUND PENNING-ROWSELL

IN THE Bordeaux area there are seven main red wine vineyard districts, and it is safe to say that by name and place in British wine lists the least well known is Fronsac. Yet, lying between Bourg and the western edge of Pomerol, it is one of the oldest wine-growing districts of the Gironde, associated, it is claimed, with Charlemagne. In the 18th century, the Duc de Richelieu, Governor of Guyenne, was also Duc de Fronsac, and on the Terrte de Fronsac, the highest point of the department, overlooking the Dordogne, he built a folly. This small, roughly beart-shaped district contains the most attractive, hilly country in the Gironde, and from the terraces of its châteaux splendid views can be had across the Entre-Deux-Mers on one side and Pomerol and St Emilion on the other.

Relative unfamiliarity with Fronsac is not confined to us British. When, after a very long interval, I decided to revisit it I took with me one of the most distinguished and long-established wine merchants of Bordeaux. He was as lost in the maze of small, up-and-down roads as I was, as new to a number of very attractive château and agreeable wines.

The district only extends over 2,500 acres of vineyard and six villages, of which Fronsac, a couple of miles from Libourne, must be counted the chief and where there is a small Maison du Vin Fronsac. It lies just above the Dordogne, and near the Isle, the little tributary that wanders in from Pomerol and the outlying communes of St Emelion.

On the flattish parts near the main river the soil is alluvial, but on the steep slopes it is clay and limestone, while in part of Fronsac and adjoining St Michel-de-Fronsac it is partly sandstone as well as limestone, and this bears the *appellation contrôlée* of Canon-Fronsac, whereas the rest of the delimited area is plain Fronsac. But down by the river there is a good deal of wine allowed only the basic Bordeaux appellations. Canon-Fronsac covers about 300 ha, Fronsac 800 ha, and the average production is around 45,000 hl, somewhat similar to that of St-Estèphe in the Médoc. The basic permitted yield per ha is 42 hl, but this was greatly exceeded last year, when some estates made up to 90 hl though not all of that would be allowed the appellation.

The dominant grapes are those that one is likely to find on the right bank of the Dordogne: Merlot, Cabernet-Franc, here known as Bouchet and, though less common, Cabernet-Sauvignon. The normal complement is two-thirds Merlot, one-third Bouchet. To obtain the right to the appellation the wines need only be 11 degrees in alcoholic strength, compared with 10.5 degrees for their neighbours of the Côtes de Bourg and Pomerol, but the same as basic St. Emilion. But on the whole Fronsac wines are rather strong in flavour, with a good deal of tannin and a certain boldness of taste that *is quite distinct from the softness* of St Emilions, but has more character than the red wines of Bourg. The Canon-Fronsacs are generally regarded as the best wines of the district, and more long-lived. On the spot I drank a Ch. La Tour de Brem '66 that was brown-tinged, but soft for a Fronsac and at its peak. But few get the chance to live so long.

For Fronsac has something of a sales problem. Its superior wines regard themselves, with some reason, as better than the run-of-the-mill St-Emilions, let alone the Côtes de Bourg, but, only a handful secure a better price or as good. While the current price for St-Emilion is around 9,000 francs a tonneau (= 100 dozen bottles), Fronsac is not much above 6,000 francs, with another 500 to 1,000 francs for Canon-Fronsac. The average price for the much more plentiful leading Côtes de Bourg is about 6,000 francs.

There is a good market for the Fronsadais wines in Belgium, Holland and Germany, but among their Bordeaux rivals their rather squeezed-in-the-middle position has led to 50 per cent to 60 per cent being disposed of by *vente directe*. Anyone visiting Libourne by car would have no difficulty in crossing over the Isle and finding either the Maison du Vin in Fronsac or the *leading* châteaux of which there are 30 to 50 out of the roughly 200 listed in Cocks et Feret's *Bordeaux et Ses Vins*. Since there are quite a number of lesser estates entitled only to the basic Bordeaux and Bordeaux Supérieur appellations, it is worth making sure that one is buying wine with one or other of the Fronsac appellations. (There is a Côtes de Fronsac appellation, but this has fallen into disuse, although it may be found on older vintages.)

The largest Fronsac estate is Ch de la Rivière in the commune of that name. Originally an English-built castle in the days of our rule in the region, the château is a magnificent Romanesque - style structure carried out to the plans of Viollet-le-Duc, restorer, or as William Morris would have said despoiler of Notre Dame in Paris. The vineyard runs to 200 ha, and the long tunnels of the huge limestone cellars must surely be the finest in the Gironde. They are often open to visitors, and the '75 and '76 vintages can be found on the Hatch, Mansfield list at a little over £4 a bottle; and the '79 on Greens' of the Royal Exchange at about £4.50. Also Thomas Baly of Liverpool have the '70 and '71 at around £5.

It is difficult to pick out any particular châteaux, but among the most distinguished are La Dauphine, Junayme, Canon de Brem, du Gaby, Mayne Viell, La Tour de Brem, Dalem and Canon, which is owned by Christian Moueix, son of Jean-Pierre Moueix, part-owner of Pétrus. Rouet in the commune of St Michel-de-Rivière is not unknown here in Britain.

For those who like full-bodied claret the distinctive Fronsac wines are well worth investigating and they are good value if bought with at least some years' bottle-age. Unfortunately Fronsac seems as much terra incognita to the British wine trade as to some of its suppliers in Bordeaux.

Among the lists currently to hand, in addition to the two firms mentioned above, both of whom list three Fronsacs, only a handful even include a single one in their claret lists. These are Adnams of Southwold, Amis du Vin, W12, Harch Mansfied of Dorking (2), Justerini & Brooks, SW1, Laytons, NW, Tanners of Shrewsbury and La Vigneronne, SW7. Perhaps, like me, other merchants got lost before they reached the desired château. Unfortunately, with the exception of La Rivière none of the estates mentioned above is represented on lists here. Yet these are wines that deserve attention, and are generally superior to the Blayes and Bourgs that feature on nearly all lists, and are only a little dearer. That the Fronsadais are Anglophile may be judged from the name of their confraternity, translated into English as The Gentlemen of Fronsac.

The Spode picture show

BY JANET MARSH

ALTHOUGH it takes quite a sheaf of left-over-from-Christmas book tokens to buy it, David Drakard and Paul Holdway's *Spode Printed Ware* (Longman, £45) is easily the best recent book on collecting, and an instant clasic in the literature of ceramics.

Spode remains one of the most famous names in the history of pottery, so that it is surprising to discover that it is just 150 years since the Spode family was last connected with the firm still associated with their name.

The Spode era proper spanned the years from 1764, when Josiah Spode I went into partnership with a William Tomlinson and rented the factory where he had previously been an employee, until 1833 when, three years after the death of Josiah Spode III, William Copeland bought out the family interest.

During these seven decades, three successive generations of Spodes created one of the most formidable Staffordshire potteries of the Industrial Revolution, and made an impact on the industry comparable to the innovations of Wedgwood.

The Spodes' most significant contributions to English ceramics remain the introduction by Josiah II of fine bone porcelain, about 1800, and in particular their perfection of the art of transfer-printing on pottery.

The technique of transferring a printed design from a wood block or copper plate by means of an intermediate medium such as paper or a "bat" of gelatinous glue had been introduced in the 1750s. Josiah I adopted the method in the 1780s and in the next half century his firm brought it to a peak of accomplishment.

Drakard and Holdway provide the first precise and comprehensive analysis of the various techniques employed — techniques simple enough in principle but extraordinarily demanding in practical application.

The account of the transfer processes acquires unique authority since one of the writers, Paul Holdway is himself an engraver at Spode (since 1970 the *firm* has resumed the old name) and has used the plates still preserved in the factory archives to print by the traditional methods.

This sort of technical stuff can make for hard reading; but Drakard and Holdway describe the various processes of bat printing, underglaze blue transfer and the delicate "Pluck and Dust" method (powdered colour is sprinkled over an outline printed in gloey oil) with such clarity that it becomes enthralling.

Certainly they inspire deep awe for the complexities of a process which involved a production line collaboration, and such elaborate work by engravers that the design for a large platter could take up to six months in the making.

Apart from their invaluable historical and technical survey, the authors have compiled the first-ever catalogue of all the different Spode patterns, meticulously classified under such heads as "Flowers and Fruit," "Oriental inspired designs," "European and Mediterranean Subjects," "Classical and Contemporary Humanity" and the like.

The hundreds of illustrations and reproductions of period catalogues can only stir wonder at the variety of wares that could be made and marketed in ceramics. For the table there were Turtles, Tureens, Nappies, Twifflers, Compotiers, Knife Rests and every size of plate and cup.

For the kitchen there were strainers, drainers, oyster pails and turtle pots. For more private use there are soap dishes, bidets, wash bowls, spitting pots and bourdaloues for the comfort of ladies travelling in coaches. Chamber pots come in a choice of nine diameters, to suit every physique.

Blue printed loving cup promoting free trade

Curiously, although the Spodes were active through one of the most stirring periods in British history, they seem never to have included commemorative designs among their transfer-printed wares. Among the old copper plates Drakard and Holdway found some with caricatures of Napoleon, but no wares printed from these have ever come to light.

Perhaps Spode, with its lengthy and exacting design and production techniques, preferred to leave the commemorative business—which depended on instant reaction to current events—to more *fly-by-night* firms with no reputation to be endangered by quickly-made catchpenny articles.

As a result, Spode figures nowhere in John May's entertaining essay on commemoratives from 1817 to 1861, *Victoria Remembered* (Heinemann, £30). The book is rather less a study of commemorative wares than a breakneck chronology of the years between Victoria's conception and the death of the Prince Consort, illustrated with the wares themselves — mostly mugs, jugs, plates and plaques and predominantly printed in transfer.

The text is irrepressibly jokey, and full of cheerful prejudices — for instance, against Victorian architecture: May compares the Victoria and Albert Memorial with a Royal christening cake, and Osborne House House with "a railway station in the throes of an acute indigestion."

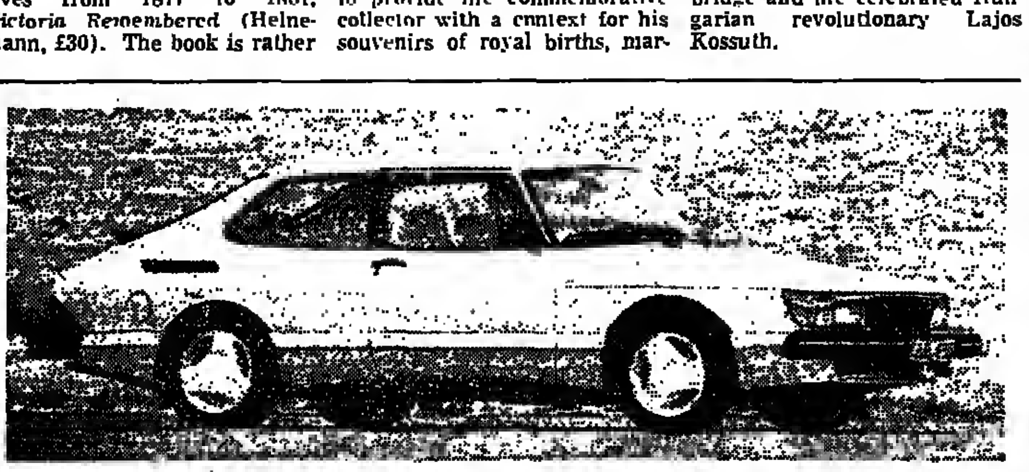
Still, he manages to pack in practically everything of any import that happened in the course of Victoria's happy years, to provide the commemorative collector with a context for his souvenirs of royal births, marriages and deaths or other events of national moment.

The captions, though racy, do give insights into the nature of the Victorian market in such pottery souvenirs. Speed was the essence of the trade, but it could have its disadvantages.

Thus the Derbyshire pottery of Bourne and Sons rushed out its rather curious tribute of a stone-ware gin bottle in the form of the Queen's effigy at such speed that it could not yet know that she was to be Queen *Victoria* and not *Queen Alexandrina Victoria*, as the pottery titled the object.

The need for speed could also result in odd subterfuges: May illustrates two plates on which the same portrait serves for both the lamented Duke of Cambridge and the celebrated Hungarian revolutionary Lajos Kossuth.

Revival year for the runflat tyre



MOTORING

STUART MARSHALL

WILL 1984 be the year when the runflat safety tyre makes a comeback? There are signs that it might.

There is nothing new about a tyre which lets the motorist continue his journey at reduced speed after deflation. Dunlop tried unsuccessfully to get the motor manufacturers interested in its technically clever but commercially disastrous Denovo in the mid to late 1970s.

Buyers of American luxury cars just before World War II could have double-chambered tyres which went only partly down after a puncture and could still be driven. They flopped because buyers would not pay extra for them. Punctures, after all, are the last things you think about when contemplating a shining new motor-car in the showroom.

So the tyre makers have changed their tack, not least because they are aware of the problems product liability legislation may bring.

It is easier to prove that tyre failure caused a crash than that the failure was due to abuse and neglect, not a manufacturing fault. The tyre makers are concentrating on keeping the tyre on the wheel after it loses air, ensuring that the driver retains control. (Even this isn't new. There have been add-on devices for years but they failed in the marketplace because they were expensive and difficult to fit.)

There are two schools of thought. The first is that a completely standard tyre may be kept on the rim and have limited runflat capability by modifying the wheel. The second is that a specially designed tyre and wheel package is even safer and will run-flat further and so is worth a little extra cost and complication.

Goodyear and Pirelli have jointly developed a method of shaping the rim so that a perfectly normal tyre won't collapse into the well in the centre of the wheel after deflation. But why have a well in the wheel? A tyre couldn't be fitted without it.

They say the motorist who gets a sudden deflation on the motorway will be able to reach the hard shoulder safely. The car would even be driveable for a limited distance, though the tyre would be ruined. (It would probably be unfit for further use anyway after going flat out at 70 mph or so.)

A tyre with simple reinforcement of the sidewalls would run without air for some miles at moderate speed and still be repairable. Any kind of car could have the wheel, which would cost only a few per cent more than a normal one. Any kind and make of tyre of normal dimensions could be fitted to it. No car maker has yet said it would use this safety wheel.

Dunlop and Michelin recently pooled their experience with Denovo and the low profile TRX tyre to develop a safety rim to take a new kind of tyre. The Dunlop version, called TD SP Elite, is already being used by BMW.

Michelin's, announced in London this week, is the TDX-E. All Austin Metros will have either TDX-E or TD SP in the immediate future. The forthcoming Jaguar XJ-40 will, too, but with a difference.

The Jaguar tyres will have a *gel coating on the inside of the* tread. It will seal over 90 per cent of punctures without air loss and will make a spare tyre almost redundant.

The Metro tyres could be puncture protected too, but it would cost another £1 or so per tyre and at present, BL are not prepared to pay. The booted Maestro development, the LM11, will use the new safety tyre/wheel combination. So will a number of continental cars, the Citroen BX among them.

The Michelin TDS/Dunlop TD SP wheel/tyre unit has only a limited drive-on capability when flat—perhaps for 10 miles at 40 mph. That is more than a completely standard tyre on the Goodyear/Pirelli safety wheel, far less than a real total mobility tyre like Dunlop's Denovo.

But it will be enough to suit the vast majority of car buyers.

COSMETIC car conversions are a growth industry. By painting over grilles and bumpers and adding plastic fairings, the looks of a car can be changed so much that its maker wouldn't recognise it. In some cases, he might prefer not to.

Saabs tend to be bought by the mature and knowledgeable motorist, not the merely well-heeled and fashion conscious. Perhaps this is the reason why they are not often seen decked out in fancy plastic dress. Rather than wait for a trend to develop, Saab has produced its own facelifted and considerably warmed-up special.

The Turbo 16 Aero (pictured) made its debut yesterday at the Brussels Motor Show. Side fairings and a redesigned front spoiler have changed its appearance and improved its aerodynamics. This efficient turbocharged 2-litre has a fuel consumption of 38.5 mpg at a steady 56 mph, plus a 130 mph maximum and acceleration from 0-60 mph in 8.2 seconds, 0-100 mph in 24 seconds.

Its engine is the 16 valve, twin overhead camshaft development of Saab's well-tried four-cylinder with an inter-cooler. Despite its turbocharging, it runs at a high (9 to 1) compression ratio, ensuring liveliness at low engine revolutions as well as ample muscle when the turbocharger starts.

Power output of 175 horsepower is 25 per cent higher than the standard engine's yet fuel consumption is lower.

Anti-roll bars front and rear and V-rated (130 mph-plus) 60 series tyres match the handling and roadholding to the higher performance. Standard equipment includes an electric sunroof, central locking, cruise control, tinted glass, electrically operated front windows and door mirrors.

Velour or real leather upholstery is offered. The transmission is 5-speed manual, steering is power assisted and the price, I understand, will be under £14,500.

The three-door hatchback Turbo 16 Aero will arrive in Britain in mid-April. Another new model, the 900i two-door that was shown at Frankfurt last autumn, goes on sale a little earlier.

Soccer perks up, **James French** reports

It's the Cup that cheers

SURPRISINGLY, in the face of such major factors as unemployment, the failure of any home country to reach the last eight of the European Nations Cup, and the continuing spectre of hooliganism, the health of British Soccer appears to be perking up.

Next Thursday, at a London luncheon, the Football Association will announce a major new sponsorship. If it is for the FA Cup, it would be most timely, for the third round has just produced a generous quota of the upsets and thrills that make it such a great competition.

Bournemouth's toppling of mighty Manchester United, Middlesbrough's of troubled Arsenal, and a classic battle in which Watford knocked out Luton, another side which has made its mark recently in the First Division, 4-3 after extra-time in a Tuesday night replay, were great highlights.

The fourth round draw promises another rich feast, with a repeat of last year's pairing of Brighton, who went on to reach the final and lose their First Division place, and League champions Liverpool, and another South coast gem, resurgent Portsmouth, whose gates have been the envy of many a higher placed club, and Southampton, many experts' tip for the Cup.

The draw has been generous to Second Division clubs, giving them 11 home ties of the 16—a great chance of besting their betters, and giving the competition an extra dash of spice.

The Football League is cautiously optimistic. The decline in attendances appears to have been halted, and those for the Football League Milk Cup have been well up.

Don Howe: promoted

It is cheered by the new arrangements for televising Soccer, though it feels it is too early to make a firm judgment over their effects, because of the ITV dispute which affected the start of the season.

However, the view is that the live television of matches (which are taken out of the Saturday afternoon programme) has proved very successful and an excellent promotion for the sport.

Football clubs will continue to flirt with bankruptcy so long as their financing continues to be unconventional by general business standards, and normally sensible businessmen are ruled by their hearts instead of their bank balance.

However, banks have been exerting stronger discipline, and transfer market megalomania has been largely cured by a combination of players' freedom of contract and a League ruling that 50 per cent of a transfer fee has to be paid immediately, and the rest within a year.

More than 60 per cent of League clubs have concluded deals by which sponsors pay cash for their names to appear on shirts.

Football managership continues to be a high-risk profession, even though there is a strong element of musical chairs. An agreement that Football League clubs should not take other clubs' managers within the season has enhanced the prospects of the No 2s—Arsenal took the unusual step for them of ditching Terry Neill, and on Wednesday promoted his assistant and coach Don Howe, who plays an important role in helping England manager Bobby Robson.

Yet enigma remains: if Howe could not coach his charges to greater success on the field, can he manage them there? The next question is: Will Charlie Nicholas come good for Arsenal?

What English Soccer really needs (apart from Sheffield Wednesday restoring Yorkshire representation in the First Division) is a good, strong, goal-scoring centre-forward, a man to talk of in the same breath as Dixie Dean or Tommy Lawton.

Trouble is, there aren't that many pits to shout down nowadays, not to mention the overtime ban.

John Barrett reports on tennis from New York

Flaws of the Masters

THIS week's Volvo Masters is supposed to be the climactic event of the men's tennis year—the searching end-of-term exam in the world's toughest post-graduate school.

Sadly it is not; not quite. True, the field contains all the leading players of the 1983 season; the prize money of $400,000 is generous with $100,000 for the winner and $10,000 for the first round losers; the setting in New York's 19,000 seater Madison Square Garden is superb; the organisation by ProServ Inc is immaculate.

But there are several flaws which devalue the event and make it impossible to acknowledge the winner as the undisputed world number one *per se*. For a start the tournament takes place not at the end of the year during which players are striving for points at the 70 tournaments in 25 countries which comprise the Volvo Grand Prix tour, but in January of the following year.

Thus the players arrive after the Christmas break well rested but out of practice—hardly the way to prepare for what should be the most important tournament. There is talk of moving the Australian Open from early December to late January so that it would become the first Grand Slam championship of the year instead of the last. This would enable the Masters to be scheduled where it belongs, in December. However, this switch, if it happens at all, cannot be achieved until 1986.

Last year the field for the Masters was increased from eight to 12 and the format altered from a two-group round-robin contest prior to knock-out semi-finals and final to a straight knock-out tournament. This was an improvement for previously the last day of round-robin play was open to manipulation by a player already certain of a semi-final place. As a result we had some disastrous matches.

But by increasing the field to 12 and giving the top four seeds a bye, objectivity and fairness were lost. Clearly in what purports to be the world's premier tournament all the players must be treated alike. In effect the first four matches now take on the role of a qualifying competition for the main eight-man event.

The same shortcoming exists in the parallel doubles event where there are six teams and byes for the top two seeds. Furthermore only the singles final is played over the full championship distance of five sets. This devalues the event still further.

Another problem is the playing surface. Ever since 1975 the Masters has been played indoors on a plastic carpet. Since 1977 *it has always* been played at Madison Square Garden. The only time it was played out of doors was in 1974 when it was staged on Melbourne's grass and for the first three years it was held indoors on another plastic surface.

Yet, as my Italian TV colleague, Rino Tommasi, has pointed out, 38 per cent of the tournaments comprising the present Grand Prix tour are played on clay, 31 per cent on indoor carpet, 19 per cent on asphalt and 12 per cent on grass. Surely, then, the Masters ought to reflect these proportions. This would require a movable Masters—which was always the policy of Commercial Union during their five years of sponsorship. Between 1972 and 1976 the tournament was played in Barcelona, Boston, Melbourne, Stockholm and Houston and was all the more credible as the culmination of a world wide competition for those moves.

Sadly, however, commercial interests have been allowed to deflect idealism. Not until the present Volvo contract expires in 12 months' time can any changes be made. The chance must not be lost to restore prestige and credibility to this potentially great competition.

The Masters should move round the world as a December fixture being staged four years out of ten on clay, three years on indoor carpet, two years on asphalt and one year on grass. The venues could be planned ten years ahead to give ample time for organisation. Although grass in December presupposes a southern hemisphere site, or perhaps India, there is no restriction on clay or asphalt indoors in northern latitudes as the French proved at the Davis Cup Final in Grenoble in 1982.

The field should include 16 singles players and eight doubles pairs and every match should be played over five sets. Then at last the Masters would become the prestigious and meaningful event its originator, Jack Kramer, always intended it to be when he propounded the idea of the Grand Prix back in 1970.

Whatever its shortcomings, this year's Volvo Masters should at least decide the world rankings. Today's meeting between Mats Wilander of Sweden and New York's John McEnroe will, for me, produce the world's numbers one and two. Even if he retains his title, the brittle Ivan Lendl cannot be higher than four, but if McEnroe beats Wilander and Jimmy Connors were to win the title then perhaps Connors should be number two. For once I do not envy the International Tennis Federation's ranking panel—Lew Hoad, Fred Perry and Don Budge—when they meet after tomorrow's final to announce the world champion.

Arthur Sandles on a fact of ski life

A taste of the shalom track

THERE'S NOTHING like age to bring out the complaining spirit. There you are, standing atop some nice ridge, looking at a staggering view and mulling over the hithers and thithers of the run, when Whoosh! Crash! Crumple! A herd of German teenagers storms through your group scattering skis and limbs about the slope.

Skiing out of control is a fact of modern ski life. That rapidly ageing generation which learned its basics in the days when shoulders always squared down the hill and the aim was the "magic world" — always knew that if you skied faster than your skill you fell over.

That is no longer true. Today's skiers are taught confidence before control. The wide foot stance and "keep your shoulders facing the way you want to go" school gives a skier enormous stability. For all I know a London bus would be stable at 100 mph, but I would hate to take it into a hairpin bend at that speed. This is precisely the type of manoeuvre many novice skiers attempt.

If there is one fairly rapid aid to the youthful skier who is constantly out of control it is ski racing. When young ego is outgrowing skill then a taste of the slalom track will demonstrate that there is more to the sport than pointing the ski tips downhill and letting rip.

A couple of years ago I spent just one day ski-race training and found it remarkably useful. Having to turn as precisely as possible, avoiding the problems of skidding out, or getting caught in those awful ridges around the poles, and doing so in sufficient control to be able to check speed if necessary (while hoping it never is)—it was a great discipline.

It may be for this reason that ski-racing is an increasing feature of ski resort activities. More and more the skills of the racers are being employed in regular recreational skiing.

For the skier who did learn the basics a long time ago there is quite often a problem of an over-emphasis on technique. We worry for hours about how it should be done, searching for some secret. Again the race course can be a help. There is simply no time to worry about technique. The object is to turn precisely and at speed. Just concentrating on that is usually enough to dispel worries about stiff downhill legs.

So next time you see a ski-race course, try it, preferably with instruction, and see if you can encourage those idiot teenagers to join in too. It might keep them from running me over so frequently.

SNOW REPORTS

EUROPE

Andermatt (Sw)	50-120 cm	Worn patches still around
Cervinia (It)	50-100 cm	
Flaine (Frt	75-165 cm	Fresh snow on good base
Ischgl (Aus)	30-130 cm	Lower slopes icy
Kitzbuhel (Aus)	20- 90 cm	Good on piste
Niederau (Aus)	30- 90 cm	New snow on firm base
Wengen (Sw)	25- 60 cm	New snow on good base
Zermatt (Sw)	15- 50 cm	Good skiing on upper slopes

European reports from Ski Club of Great Britain representatives

THE U.S.

Aspen (Col)	39- 54 ins	Packed powder
Hunter (NY)	18- 80 ins	Packed powder
Park City (Ut)	50- 92 ins	Packed powder
Squaw Valley (Calif)	12-108 ins	Machine packed granular
Sugarbush (Vt)	8- 35 ins	Packed powder & machine snow
Stowe (Vt)	28- 62 ins	Packed powder

Figures indicate depths of snow at base and top stations

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A puff from the dragon

SOME PEOPLE are just unlucky with their timing. Early last week one of the more optimistic brokers sent out a circular which was bold enough to discuss inflation in the past tense. Expectations, it argued, were beginning to follow the inflation figures downwards, and this would in due course have its effect on wage demands, the demand for credit at current interest rates, and on asset markets.

Clients barely had time to digest this interesting proposition when the December banking figures arrived—with money growth back at the top of its quite permissive target range, the growth of personal borrowing at a rate somewhere around 20 per cent, and a nasty whiff of higher interest rates to come.

This proved something of a one-day wonder, since the authorities displayed their new-style academic calm, talking coolly of the problem of seasonal adjustment and the need for further evidence. The equity market, after a brief pause for thought, resumed its rise, and only gilts have been looking a little overshadowed. All the same, an uncomfortable question still hangs in the air: is the dragon of inflation dead, even if the body is still twitching, or was that the first puff of flame from a reviving monster?

Monetarists will find the question easy to answer, but there are not many pure monetarists left in authority. The new mood is more agnostic; the Bank of England may have disowned the recent assault on Prof. Friedman by one of its academic advisers, Prof. David Hendry, but it did publish it. Ministers are reluctant to rush into battle over a raw number; they want to know more about causes, underlying trends and likely future consequences. This time, the questions are unusually tangled.

Effect on growth of demand

The first question is whether it is necessary to worry about purely personal borrowing at all. Governments and companies run up debts which they never intend to repay; at best they will refinance them. Ordinary householders, on the other hand, do normally repay their debts. This means that a rise in borrowing itself causes a rise in saving, and the effect on the growth of demand (and of the money supply) is purely transitory. Indeed, the Bank of England has published a number of warnings—mistimed, as it has turned out—that the consumer boom would soon fizzle out, as borrowers began to feel fully extended.

There are two flaws in this trust-the-people theory, but neither is fatal. The first is that a boom-and-bust cycle in personal borrowing has unfortunate consequences. It hits an unprepared market, and much of the demand runs to waste in sucking in imports, or pushing up house prices. There is, then, a case for smoothing the flow, if the cycle proves persistently uneven. However, the present acceleration still partly reflects the abolition of consumer credit controls more than a year ago; it reflects the fact not only that new borrowing is buoyant, but debts are being repaid more slowly.

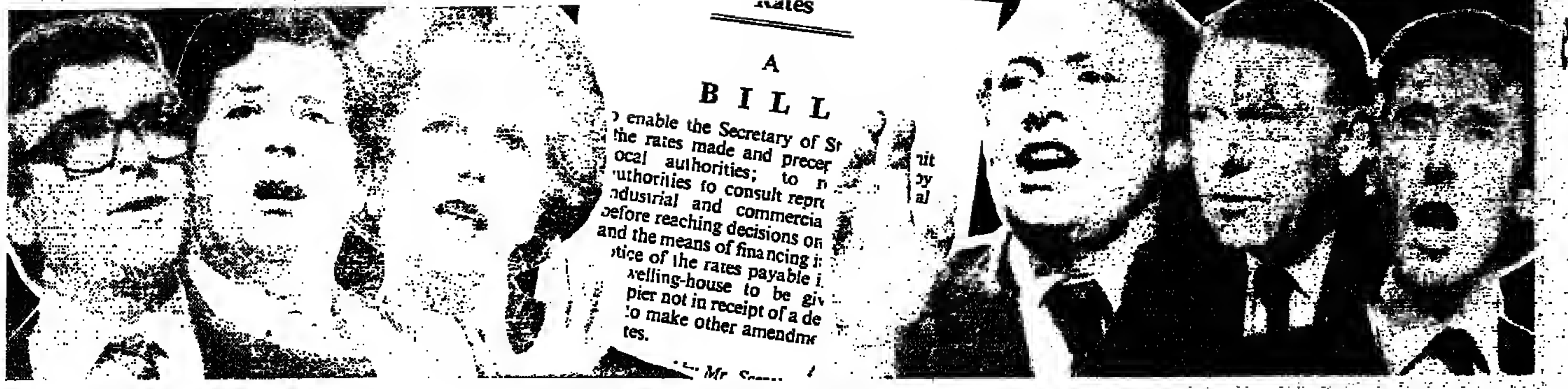
New pattern of transactions

In these circumstances, the present burst of money and credit growth may well prove to be a once-for-all stock adjustment, as transactions settle into a new pattern. The actual growth of consumer spending, up 5 per cent in real terms, is strong but should not be unmanageable—indeed, in the U.S. a similar pattern of events has proved wonderfully invigorating; and the Government does badly want to see the growth of output revive. Since the current account is causing no worry, the Chancellor is naturally reluctant to interfere. He needs a reasonable growth rate to lend buoyancy to his revenues.

Unfortunately, of course, consumers do not live in a vacuum. A free-spending market is often a less price-sensitive market, and can pose a temptation to suppliers to push their prices up, and also to be over-generous in their wage settlements if they badly want extra output.

However, this is a question of fact, not just theory; and the facts so far look quite reassuring. Manufacturers and traders are still hungry for customers; even in the car market, which has enjoyed the strongest recovery of all, the price war continues vigorously. There is still a good chance the growth of consumer demand will fall back in line with the growth of incomes before it generates any real inflationary pressure on the supply side.

In all these circumstances it seems likely that the authorities will move quite stealthily, probably in the gilts market, to check any monetary overshoot; the initial market reaction looks well informed. But if any other symptoms — and notably the trend of wages — begin to look dragonish, it could be a different story.



Protagonists in the rate debate: (left to right) Patrick Jenkin, Environment Secretary, Nigel Lawson, Chancellor of the Exchequer, and Mrs Thatcher versus Mr Neil Kinnock, the Labour Leader, and former Tory Cabinet Ministers Francis Pym and David Howell

The Government's new Bill

Rates: why even the shires are up in arms

By Robin Pauley

PARLIAMENT returns on Monday. On Tuesday MPs sit down to what promises to be one of the greatest parliamentary dogfights since the Tories came to office: the second reading of the Rates Bill to limit, or "cap," the power of local authorities to levy the rates they choose.

Opposition members may be hard-pushed to get their critical words in edgeways because a growing band of Conservative MPs is also resisting the Government's plans to remove local councils' 400-year-old right to determine their own rate levels. More than 60 have already expressed their disapproval to an anxious whips' office and every day more senior Tories join the chorus of dissent although only 20 or 30 are likely to march defiantly into the No lobby. The dissenters include former ministers such as Mr Geoffrey Rippon, Mr Francis Pym, Mr David Howell and Mr Reg Prentice.

This does not mean that the Bill will fall on Tuesday. With a majority of 144 it is difficult to imagine any measure failing to be whipped through (although the constitutional controversy makes its passage through the Lords more problematical). And indeed a number of Conservatives, particularly those in a minority or persistently Labour-

A Treasury campaign to win control

controlled councils, actively support the proposals.

But the size of the revolt still worries party managers; they are not convinced that it is prudent to use the Government's in-built majority to force through such a delicate and contentious constitutional change, when it is clearly so deeply unpopular in the party.

It is this aspect which prompted Mr Anthony Beaumont-Dark, Tory MP for Selly Oak, recently to describe the Government's attitude as akin to an "elective dictatorship."

"If this Bill is only to be used against the few admittedly zany authorities then it is unnecessary. If it is to be used like a gun to demand, in the end, the unconditional surrender of local powers to central diktat, then it is the most retrograde piece of legislation ever introduced by a Conservative Government. It will be used as a model in years to come by other governments to fence in the freedom of our people," he said.

Mr Beaumont-Dark and many other Tories including Tory council leaders do not believe that all is well in local government. Their argument is rather that a revision of constitutional arrangements which simply concentrates more and more power at the centre, and overrides local electorates, will not solve two basic problems. These are, first, the issue of the accountability of local government and, second, the need to widen the tax base to fund increasingly costly services at local level.

But how has a Government so publicly committed to less central control, got itself into such an impasse with its own supporters and over an issue which it used to regard as one of its best political axes: the rates?

The problem dates back almost a full decade when Mrs Thatcher, then Education Secretary, declared her commitment to abolition of the rates. There is no doubt that these are a deeply unpopular property tax. But they fulfil most of the criteria of a good tax—they are cheap and easy to collect, difficult to evade, and raise more than £12bn in England alone in the current financial year.

The drawback of rates, however, is that too few people pay them. The burden of domestic rates falls only on the head of the household no matter how many incomes there may be in the house and no matter how extensively a council's services may be enjoyed. Moreover, subsidies, rebates and exemptions mean that a large number of electors are wholly or partly insulated from the effects of council spending decisions.

Another problem for the Conservatives is that their voters not only dislike paying the annual rate bill but a significant number of them pay their rates to high-spending Labour-controlled councils.

Both the 1974 and the 1979 Conservative election manifestos promised the abolition of the present rating system, and Mrs Thatcher, whose personal dislike of rates matches that of the most belligerent of objectors at party conferences, charged Mr Michael Heseltine with "doing something quickly" about the rates immediately after the 1979 election victory.

Here a serious mistake was made. Mr Heseltine's new system of allocating grant to councils contained a penalty formula designed to withhold central government grant from councils at proportionately higher rates the more they spend, forcing the burden of increased spending more and more on to the ratepayer. Officials warned Mr Heseltine repeatedly in 1980 that the Government was expecting too much if it wanted a technical system of distributing grant to work as a public spending control mechanism (just as they have repeatedly advised against rate capping).

But the Government pushed on and the system proved not only largely incapable of holding down spending, but also to be a morass of technical vagaries and inconsistencies which rewarded some high spenders, while actually penalising some low spenders.

Low spenders tended to spend up towards the benchmarks while many high spenders ignored the system and passed the increasingly hefty penalties on to the ratepayers, blaming the Government and its grant and penalty systems.

Meanwhile as Mrs Thatcher and her Environment Secretaries were busy campaigning against high-spending councils, the Treasury was mounting a careful and increasingly powerful campaign to win full control of all local spending, which accounts for about a fifth of all public spending and has been overshooting Treasury targets by between £750m and £1bn a year. In this fiscal year total current expenditure by local authorities in England is more than £20bn: about half of this comes from central government.

The failure of the controversial grant and penalty regime to deliver significant spending cuts gave the Treasury its chance. Mr Leon Brittan, then Treasury Chief Secretary, started the campaign in Cabinet for rate capping, or permanent upper limits on rate rises. Not a single Cabinet minister, including Mr Jenkin, the present Environment Secretary, supported him on any of at least four occasions when he raised the subject.

The idea was finally adopted at the last minute for the 1983 manifesto at the personal insistence of Mrs Thatcher, after the Cabinet reluctantly decided, following a lengthy review of the issue, that there was no suitable alternative to rates.

The Labour Party and the Alliance are united in opposing capping, but ironically among the local councils most upset by this unhappy history have been the most staunchly Conservative—places such as Buckinghamshire, Hampshire, Berkshire, Surrey, Essex and East Sussex. The more they cut one year, the more they run into trouble with their "own" Government the next, because targets are fixed partly on the basis of previous spending levels.

Surrey has the second lowest spending per head of any shire county in the land: yet if it meets the Government's own guidelines on how much it needs to spend to provide a standard level of service in 1984-85, it will still incur an enormous penalty of £18m, because of the vagaries of the present formula.

Essex, which Mr Jenkin praised in October for running a "tight ship" has now cut back so much to try to meet increasingly difficult targets that it has announced that it can go no further and expects a £7m penalty in 1984-85.

Mr Roger Parker Jervis, leader of Buckinghamshire, is the very essence of a traditional Tory: agent and trustee for the Hampden estate, a forester and country sportsman with a strong belief in democracy and devolved government.

He believes rate-capping will take local councils nearer and nearer to being agents of central government "and that is a measure which I personally believe is a disastrous step in a country of this size, which has a crowded population, and where one person in central office is quite incapable of seeing what is needed."

It is this threat to local democracy which has resulted in such implacable and solid opposition to the Government from all the Tory leaders of the Conservative-controlled local authority associations. Mr John Lovill, of East Sussex, is chairman of the Association of County Councils and a supporter of most of the Government's policy objectives. But he has been one of the strongest and most consistent opponents of rate capping, and fortified by a 95 to 2 vote of his Executive Council, is urging MPs and peers to vote against the Government's plans.

Mr Jenkin has been at pains to stress that he does not intend to "cap" the rates of any Tory councils, but the association leaders have rejected these overtures as irrelevant to the constitutional objections. In addition Mr Michael Heseltine took the same line when he introduced the grant penalty scheme, penalising only eight Labour councils in 1980-81. This rose to 71 in 1981-82, 127 in 1982-83 and 153 in 1983-84, many of them Tories.

The Tories believe this pattern is sure to be repeated.

If the Government gets the Rates Bill through it will work from 1985-86 like this. First the group of up to 20 high-spending Labour councils will be picked out by the Government in June. All are urban and most, such as Hackney, are among the nation's poorest and most deprived areas. They will be chosen on the basis of the extent to which their current budgets exceed the Government's estimate of how much they need to spend to provide a standard level of service—the Grant Related Expenditure Assessment (GREA). Other factors such as their rating pattern and evidence of any attempts to cut spending, reduce manpower, etc, will also be taken into consideration.

Then an "expenditure level" will be set by the Government.

A council on the list can then apply between August and December to have its expenditure level raised if, for example, it can produce evidence of special factors which would make the level of cuts required impossible. The Secretary of State has complete power to decide whether or not to accept these factors.

Then, in January, the rate limit for each council will be set. This will allow councils to raise just enough money from rates so that, with normal government grants, they will be able to spend exactly at the expenditure level and no more.

If the council agrees with this limit it sets the appropriate rate and the Government's aim is achieved. If the council does not agree the Government incorporates the appropriate rate limit in an order which needs Parliamentary approval.

Once the rate limit *is set the* authority *cannot go above it*. It will be the legal maximum and *if the authority* tries to set a *higher rate its* ratepayers do not have to pay it.

Even if the selective scheme were applied to a large number of councils the realistic level of savings possible quickly is unlikely to satisfy the Treasury which is determined to escape

Rate limit will be the legal maximum

from the annual ritual of agreeing extra public spending (£1.3bn in 1982-83, £900m in 1983-84, £500m for 1984-85) to accommodate persistent council overshooting of targets.

And the selective scheme will do nothing to assuage Tory voters and ratepayers in uncapped areas where the rate burden will often appear heavier than in a capped neighbour. For this reason Mrs Thatcher is refusing any concessions on the Bill's reserve general power (a power to control rates, compared with the selective scheme which is a power to control spending) to limit rate rises in all councils. She may yet feel compelled to act on the "rates" issue very quickly, possibly as soon as 1986-87, by using the general power to dictate a maximum rate for all local authorities.

Local government will then, as predicted by Mr Lovill and his supporters in and out of Parliament, be reduced to no more than local administration of central instructions.

Letters to the Editor

Insurance

From the National Officer, Association of Scientific, Technical and Managerial Staffs

Sir,—I refer to the report (January 9) by Eric Short on the possibilities of further takeover battles in the composite insurance sector. Although the report and analysis presented are excellent, it does not go far enough in certain key respects.

What we are witnessing, in terms of the vulnerability of composite companies to foreign bidders, is the direct result of the traditional accounting and reporting philosophy of these companies. Although your correspondent refers quite rightly to the grossly undervalued assets of the composite companies, not enough emphasis is given or criticism made of the traditional philosophy of accounting and reporting which results in the undervaluing of these assets.

The final paragraph of the report refers to the concern among composite insurance executives who are trying to keep up their share prices when profits are under pressure.

It would be easy to suggest that it is a difficulty they face from trying to have it both ways, but it is not as simple as that. The very same accounting policies which through the understatement of assets has resulted in cheap attractive shares also understate profitability and overstate liabilities. In fact I would suggest that their so-called marginal profitability is in many cases caused by a gross overstatement of liabilities. For example, the practice is well known in this sector of overstating liabilities by means of seriously overstating potential claims. These overstatements thus increase artificially liabilities and in the same way depress apparent profitability.

All of this gives rise to two serious matters of concern. This key sector of the economy is vulnerable to foreign intervention and control with all that that implies for the ability of a British Government to be the master of its own fiscal policies. Whereas the workforces in the UK insurance industry have long suspected the efficacy of the companies' accounting policies, they have previously only encountered extreme over caution and understatement in response to pay and conditions claims. Now, however, the same philosophies pose, by attracting foreign bids and possible take-overs, a serious threat to job security across the industry.

Our concern, however, is not merely to point out the irony of this situation. The Allianz affair, as Eric Short has demonstrated, has exposed the Achilles heel of this conservative sector. It is now time in the interests of the composite sector, the British insurance industry and its employees, that a more accurate and comprehensive system of accounting and reporting was adopted which would show the real financial strength of these companies, rather than as is currently the case to expose them and their employees to the uncertainties of foreign takeover.

Peter Kennedy.
73, Camden Road, NW1.

Plastics

From Mr E. Green

Sir,—I write concerning the article by Carla Rapoport (January 5) on the chemicals industry. While the narrative is excellent and highlights the serious difficulties facing the raw materials manufacturers over the next few years, it must be observed that the graph concerning the trends in European plastics prices is misleading, certainly in the UK context.

As the graph charts the progress of bulk materials in dollars, not sterling, it shows that the price of such products as low density polyethylene, PVC and polystyrene have fallen by about 40 per cent since 1980. In sterling terms, however, prices in 1983 recovered somewhat, on average to around 1980 levels.

In the second half of the year there were further justifiable price increases and current levels for some materials are now slightly higher than those prevailing in 1980.

It is appreciated in all sectors of the plastics industry that polymer prices had to be increased in order to restore profitability and to ensure the future of a viable UK materials industry. The processing sector, however, has experienced serious problems in passing on these increases to its customers and its profitability has therefore been under serious threat. The misleading nature of the visual presentation can but exacerbate this situation.

Ewan Green.
British Plastics Federation,
5, Belgrave Square, SW1.

Smoking

From Dr G. Discombe

Sir,—Dr Myddelton (January 6) does not seem to have studied the pertinent evidence (published in 1976), which in England was obtained from a prospective study, lasting 20 years, of 34,440 qualified doctors and the certified causes of death of the 10,072 who died during this period.

After standardising for age, the ratio of the annual death rate for cigarette smokers to that of non-smokers was: for cancer of the lung, 14.0; chronic bronchitis and emphysema, 24.7; myocardial degeneration, 2. And in most of these mortality rose steadily with the daily consumption of cigarettes; with 25 cigarettes daily the ratio for cancer of the lung rose to 25, and for chronic bronchitis and emphysema to 38.

That the role of cigarettes is causal is suggested by these last figures and by the observation that among those who stopped smoking cigarettes, the levels of mortality fell considerably as time passed, though they never reached the low levels found among life-long non-smokers. The anatomical findings indicate that death from chronic bronchitis and emphysema and related heart disease is the result of a very slow, progressive, and irreversible change in the structure of the lung, which may be arrested but can never be repaired.

(Dr) George Discombe.
10, Paddockhall Road, Haywards Heath, West Sussex.

Cheques

From Mr J. Jones

Sir,—In Your Business Problems column (January 11) you indicate that the omission of the words "or order" from a cheque will restrict its transferability. This is not true, for such cheques would remain both transferable and negotiable. Under Section 8(1) of the Bills of Exchange Act a bill is payable to order which is expressed to be payable to a particular person, and does not contain words prohibiting transfer, and under Section 73 a cheque is a bill of exchange. Such cheques are, therefore, fully negotiable to third parties by the payees' endorsement.

J. E. Jones.
5, Melverley Gardens, Wimborne, Dorset.

Derbyshire

From the Headmaster, The William Allitt School

Sir,—I do not wish to quarrel with Councillor Marshall (January 7) for he is known to be a friend of the education service; besides, I may have to live with his administration again. The arguments and occasional abuse which sparkle and thunder across the table at Matlock do not hide a common desire to improve the education service, a desire not evident in Whitehall. I do not accept, however, all Councillor Marshall's assertions.

"In 1981 the pupil-teacher ratio in Derbyshire primary schools was among the best in the country." My figures show that our primary ptr in 1981 was 23.1, a little worse than the national average at 22.6. Derbyshire's rank was 52nd out of 97 local education authorities. Perhaps the statement relates to shire counties alone? Nevertheless, I recognise that Councillor Marshall's administration made a serious and successful effort to improve the primary ratios. Since 1981, Derbyshire has improved to the national average of 22.3, and is now 43rd out of 97. It is the secondary ptr that worries me.

"So far from declining, the [works] department is now showing a profit of 5 per cent . . ." My interest is in the maintenance of my school. I believe that my children should not have to paint it themselves. Financial success is dearly bought if it allows buildings to decay.

"The present Labour administration has concentrated resources in increasing non-teaching staff in schools, to the detriment of classroom teaching." I wish I knew of it. My clerical and non-teaching hours have been cut; my technicians have been reduced to part-time employees. My cleaners no longer work in the holidays.

If you screw down the rate-support-grant irrespective of need you can make any authority look like a spendthrift. If you then punish the ratepayer by penalties, you destroy local government. That is tyranny.

Colin White,
Sunnyside, Newhall, Burton-on-Trent.

Housebuilding

From the Chairman, Hart District Council

Sir,—In the continuing debate about land for housing, serious consideration should be given to the strictures delivered last year by Sir John Hoskyns during his lucid exposure of the shortcomings of the governmental machinery of this country. Controversial he may have been but there is abundant evidence in the Government's approach to housebuilding, at least to the humble eyes of the governed, that analytical staying power has been lacking.

What may have started as a grand and praiseworthy aim has since suffered from lack of refinement. Intent on building thousands of houses in one small portion of England, the Ministry of the Environment seems to ignore the effects this will have on the budgets and on the plans of neighbouring departments of state.

As more pounds sustain decreasing numbers of hospital beds; as drains regurgitate into homes and gardens; as more travellers cram into commuter trains to enjoy the hospitality of each other's toes; as the bumper to bumper intimacy of endless traffic jams intensifies; as new schemes for regional aid to industry fly in the face of the plans for housebuilding, we see an exciting game of political "Totopoly" developing. In this it is the runners themselves who create the hurdles for each other to negotiate. It is the sort of game in which success for one Minister causes the demise of another. Due to the insularity of government departments there can be no corporate winners.

The sooner other Ministers recognise how detrimental to their interests the housebuilding strategy is the more likely it is that it will be modified to fit in with the overall requirements and long term interests of the country as a whole.

Such short sighted gimmickry must not be allowed to besmirch the great achievements of Mrs Thatcher's administration to date.

Major P. A. Duckworth,
Council Offices,
Fleet, Hants.

Lascelles looks at the background to the closure of a building society

New Cross: lessons for the future

"ABSOLUTELY UNIQUE" was typical of the reassurances that were being fired off in all directions by the movement yesterday in the wake of the enforced closure of the New Cross Building Society.

The reassurances — in Britain's first building society crisis in seven years—were probably unnecessary. The British seem to have enough faith in their societies not to panic when a small one gets into trouble (New Cross was the 40th largest), and there were no reports of massive withdrawals by depositors.

But the disturbing feature of the New Cross case is not the vulnerability of its 25,000 investors, all of whom will get their money back eventually after its merger with the neighbouring Woolwich society in March, but the revelation that its problems were far from new.

The authorities have been concerned about the society's problems for several years and first moved to close it in June last year. Yet throughout this period the society has been allowed to take in large sums from investors, even during the prolonged, and secret, legal wrangling of the past six months.

Indeed, investors have until now had little or no inkling of what has been going on. They had no way of knowing, for example, that any money they deposited with the society after December 12 was not even invested but placed under a secret order, with the court.

The affair reinforces the case for better ways of regulating the societies, particularly given their emergence as increasingly fierce competitors in the high street savings market, and is bound to have an effect on the review of building society law which is already under way in Whitehall.

New Cross got into trouble precisely because it was trying to be a high flyer. Under Mr Reg Rowland, who was well-known as a dealer in plantation shares and fringe properties in the late 1960s, it had grown more than tenfold in only eight years to over £150m in assets; it moved its main offices from Deptford High Street to plush quarters in Pall Mall. Most worrying of all, it failed key soundness tests—including tests on trustee designation and special advances—five times in the last three years. It is rare for a society to fail them twice in a whole generation.

Mr Michael Bridgeman, the Registrar of Friendly Societies, who regulates them at the Treasury, revealed in his White Paper that the closure order was issued last August. But the society sought a review of the order which triggered the long-drawn out judicial process. So how could investors, who had an average £4,500 each in the society, have known anything was wrong?

The answer is that they would have to have been extremely alert.

By inquiring, they could have learnt, for example, that New Cross did not qualify for membership of the building societies' voluntary investor protection scheme. This is a lifeboat which guarantees 90 per cent of the money back to depositors with qualifying societies that go bust, and 75 per cent to non-qualifying (so New Cross savers would have got three quarters back whatever happened).

By acquiring the accounts, they would also have seen that New Cross had made an unusually large amount of "special advances" (loans to companies and loans over £37,500). Even then the report says that these accounts understated the real amounts, so they never gave a true picture. (The Registrar, who says there was no fraud, maintains New Cross did not bother to check the law and lacked proper controls).

New Cross, of course, contested the closure order bitterly, and Mr Rowland criticised Mr Bridgeman as a man who had never run a business. Its auditors, Dearden Farrow, also rejected criticisms of their performance, claiming that they had been satisfied at all times with the financial controls at the society.

The accounts also showed that New Cross had a high level of arrears on its repayments, that it had lent a lot of money to property developers and converters rather than owner-occupiers, and that its reserves were too low. But building society accounts must be the least-read financial literature in Britain.

Sharp-eyed investors might have noticed that New Cross stopped advertising last June on an unpublished order from the Registrar — usually the first sign of trouble. It also paid top rates of interest to attract the huge volume of deposits needed to reach its growth targets.

The fact is, however, that the building societies' reputation for soundness is such that it takes a lot more than obscure accounting details to raise doubts in the public mind. Which is why firmer action may be necessary from the authorities and the building societies themselves to alert the public —though an element of risk is always good because it keeps investors and management on their toes.

Several steps are possible. Infractions of regulations by building societies could be more widely publicised. According to the Registrar, New Cross actually came near to failing at the end of 1980, because it fell below minimum reserve requirements, yet this did not prevent it from more than doubling in size in the following three years.

Clearly the Registrar runs the risk of ruining a society's chances of survival by publicising its problems. The decision over what to do and when will always be a delicate one. In the New Cross case, the Registrar decided to act before the society was in deep trouble in order to head off an even greater crisis further down the road. But it had already been a source of concern for many years.

Societies could also be made to declare more openly whether they belong to the protection scheme. Like U.S. savings banks, they could be required to have stickers showing that they are covered by such a scheme in their window. It may be true, as the Building Society Association maintains, that the public cares little—in fact may not even be aware of—the scheme, and most big societies are members, anyway.

But New Cross was not a member—not out of choice but because it fell short of the standards for trustee status—a key quality measure of the building society business. So for investors, membership is a useful gauge of a society's standing.

The protection scheme itself may also be incorporated in new building society legislation to make it more like that of the banks. In the New Cross case, it would have meant depositors getting 75 per cent of their money back now and the rest later, rather than having to wait for the Woolwich merger.

Better warning signals reduce the need for the Registrar to fight a long-drawn legal battle to get his way. The market would do most of his work for him.

Even so, society managers will always try to stall a closure, and officials involved in the New Cross case say that next time the Registrar will insist on a judicial timetable to force the pace. "Try to imagine what it has been like keeping this secret" said one of them. "A lot of people knew about it, and it lasted eight months. You can't regulate effectively under those sorts of conditions."

Obviously investors must also draw their own salutary lessons and keep tabs on their societies, which is why the UK supervisory authorities are against raising protection to 100 per cent, the level in the U.S., because they believe investors would be less alert to problems.

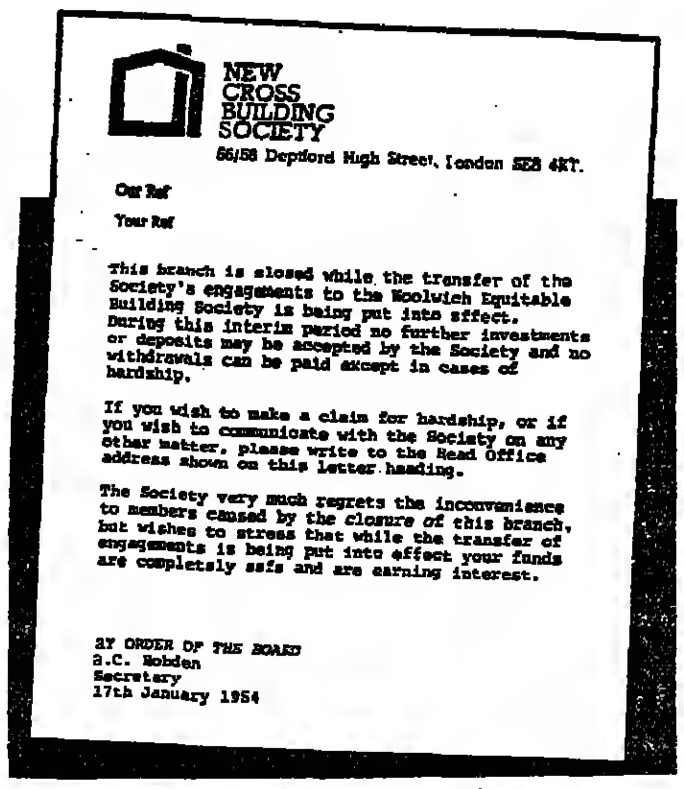
New Cross comes at a time when the whole building society movement is in a state of change, going for new business but also taking on new risk, so it is not altogether surprising that there are signs of stress.

In his last annual report (which he must have been writing while deciding to close New Cross) Mr Bridgeman warned the societies about the dangers of increased competition, and urged them to tighten up their management and budgeting.

Since then, the break-up of the building societies' interest rate cartel has paved the way to much more aggressive pricing of both loans and deposits (though it had nothing to do with New Cross, whose troubles date back much further), and made the market even more competitive. The moment seems to have arrived for a complete overhaul of building society law which dates back more than 100 years.

The Government has promised a Green Paper later this year for which the societies are about to produce a report (it will update last year's Spalding Report in which they laid out plans to go into new businesses such as personal lending and legal services).

New Cross could affect the debate in two ways: by pointing up the deficiencies in the way societies are currently regulated, and putting a brake on the pace of deregulation in the home loan industry. As Mr Bridgeman said in his White Paper: "The New Cross sought to be innovative. Innovation as such is welcome. But a building society which does innovate, particularly if it seeks to grow rapidly, needs to be certain that it is protecting the interests of investors sufficiently. This the New Cross failed to do."



NEW CROSS BUILDING SOCIETY

86/88 Deptford High Street, London SE8 4RT.

Our Ref

Your Ref

This branch is closed while the transfer of the Society's engagements to the Woolwich Equitable Building Society is being put into effect. During this interim period no further investments or deposits may be accepted by the Society and no withdrawals can be paid except in cases of hardship.

If you wish to make a claim for hardship, or if you wish to communicate with the Society on any other matter, please write to the Head Office address shown on this letter heading.

The Society very much regrets the inconvenience to members caused by the closure of this branch, but wishes to stress that while the transfer of engagements is being put into effect your funds are completely safe and are earning interest.

BY ORDER OF THE BOARD
A.C. Bobden
Secretary
17th January 1984

The notice outside the Pall Mall, London, office of the New Cross Building Society yesterday.

The latest jewel in Granada's crown

By Christopher Dunkley

THOUGH WE are only one week into *The Jewel In The Crown*, ITV's vast adaptation of Paul Scott's Raj Quartet about the closing years of British rule in India, and there are still 12 episodes to come (the first two will be repeated tomorrow night on Channel 4), it already seems clear that Granada Television has huge critical success in its hands.

In addition to the admiration expressed on our own arts page —"One of the most thoughtful and important serial dramas ever brought to British television"—it has already been acclaimed by The Times— "Granada have gone about their task with rare sensibility and expertise"—and the Daily Mail —"It is superb"—and others. It will be astonishing if the Sunday papers do not swell the chorus of praise tomorrow.

Such plaudits are *nothing* new to Granada. A couple of years ago the company set new world standards for television drama serials with *Brideshead Revisited*, which not only won awards in Britain but also in the U.S. The series was repeated umpteen times, and "the Brideshead style" took over the fashion scene.

Nor is this a recent development. In 1972 Granada won the Bafta Award for Best Drama Series with *Country Matters*. Like *Brideshead* and *Jewel In The Crown* that scarcely fulfilled the global stereotype of commercial television drama as "visual chewing gum." On the contrary, it is arguable that Granada aims higher in terms of intellect and quality than the BBC.

Yet nobody could accuse the company of ignoring the mass audience. Not only do series such as *Brideshead* and *Jewel In The Crown* attract viewers in their millions but Granada is the producer of *Coronation Street* which will celebrate its silver jubilee next year. That still tops the ratings with unique regularity. Even in Christmas week it took the No. 1 slot with 15.2m viewers. So what has Granada got that other television companies haven't?

First, it has longevity. It is the only one of the central network production companies, those that supply the bulk of the programmes for ITV, which has managed to survive unscathed since the start of the system in 1955. The others—ABC, Associated Rediffusion and ATV—have disappeared, though parts of some survive under different names.

Next, it has the Bernsteins. Sidney, now Lord Bernstein, and his brother Cecil, with wide theatre and cinema holdings, were the originators of the 1954 bid for ITV's North of England weekday contract. Having won it, Sidney remained as chairman until 1969 when a ruling of the Independent Broadcasting Authority forced him to relinquish his executive function.

But he remained chairman of the Granada Group with its expanding interests in TV rental, motorway catering, books, music and property (group profits last year £48.2m) right up to 1979 when he was succeeded by his nephew, Alex Bernstein. At the end of this month Sidney will be 85 but age seems to have negligible affect upon him. Earlier this week he was in the West Indies and calling on the Granada staff in London for all the information they could send him on the Grenada affair.

Understanding the company and its achievements depends on understanding two men

The family spirit of the company has spread well beyond the Bernsteins: the rest of the staff show an extraordinary disinclination to leave. David Plowright (brother of actress Joan whose husband Laurence Olivier has worked extensively with Granada and almost no other television company, appearing for it only last year as King Lear) joined Granada TV when it started, spent years as programme controller, and today is managing director. His successor as programme controller was Mike Scott, who has also devoted his entire career to the company, most of it on screen as one of ITV's best current affairs presenters.

The same abnormal loyalty applies at middle management level and has an unusual effect. Men such as Leslie Woodhead, Steve Morrison who produced next Thursday's excellent dramatised biography of George Orwell *The Road to 1984*, Rod Caird, David Boulton who made last week's *War Of The Springing Tiger*, and Gus Macdonald who now presents *Right To Reply* (one of the criticisms of Granada is that it has done precious little to boost women) switch with seeming ease from programme-making to administration and back again. One of them explained: "The atmosphere at Granada is so stable that you don't have to keep watching your back. You won't find yourself out in the cold if you get back into harness for a while and go off to make programmes."

This applies at the very highest level. Chairman Sir Denis Forman who has also been with the company throughout its history not only dreamed up the idea of *Jewel In The Crown* himself but travelled to India to keep an eye on the massive undertaking when it went on location.

In the end, understanding Granada Television and its achievements, not only in drama but in political journalism where it has consistently led British television in breaking new ground, depends upon understanding two men. Before he started the company, Sidney Bernstein was a left-wing county councillor, and Granada's radical attitude to current affairs in series such as *World In Action* owes much to him.

Neither he nor Sir Denis would act upon the cynical belief that "no one ever lost a fortune underestimating popular taste." And on the occasions when the IBA or politicians or major institutions have attempted to curb Granada's activities they have invariably found themselves with a determined fight on their hands.

One of Sir Denis's employees mused: "Once you've lost a leg going into the guns at Monte Cassino I suppose there's not much left in the world that'll frighten you." Twenty-seven years after that incident Sir Denis wrote a book on Mozart's piano concertos. The personalities of Sir Denis and Lord Bernstein explain quite a lot about Granada and its ability to keep making series like *The Jewel In The Crown*.

Weekend Brief

Pros and cons of pocket television

Deliveries of Sir Clive Sinclair's long-awaited pocket TV have finally begun. Only a few hundred were despatched in time for Christmas although the TV was formally launched at a Press conference last September. There is now a waiting list of 7,000 even though there has been no further advertising or promotion.

This week Sir Clive launched his fourth computer—a powerful machine costing £400.

Unlike its main competitor, the Sony Watchman, the Sinclair TV is genuinely pocket-sized. Indeed, it is remarkably small, about half-way between a packet of king-size cigarettes and a paperback book, and weighs less than 10 oz.

If there is a significant market for pocket TVs then Sinclair looks well placed to challenge the Japanese at their own game. The British-designed and manufactured Sinclair TV is smaller, lighter, cheaper and uses less power than the Sony product. And many would say the neat matt black and red lines of the Sinclair are also better looking.

A number of other Japanese companies are showing considerable interest in pocket television, in case it turns out to be another unexpected runaway success like the portable stereo cassettes pioneered by Sony's Walkman. Seiko has a wristwatch TV which uses a liquid crystal display a bit like those used in pocket calculators. But liquid crystal TVs—also from Casio, Sanyo and Citizen

Sir Clive Sinclair with his 2 inch multi-standard flat screen television

—have been criticised for their poor picture quality.

Sinclair and Sony both use very cleverly adapted cathode ray tubes. While the pictures are very small—in black and white—they are clear. If you are close enough—about nine inches—you can read the subtitles on a film. But the quality of the sound on both is disappointingly like that of the tinniest "tranny."

Both products are ingenious but the question is, what use is a pocket TV anyway? Unlike the portable radio it is not easily watched while you do something else or move from room to room: in fact used in this way it could be downright dangerous. And the poor sound does not compete with the noise of even preparing dinner in the kitchen.

Sports buffs say they would be ideal for watching action replays at football or cricket, although the screen is far too small to judge an lbw. And, presumably you could enjoy a day at the races without ever having to leave the bar.

The Sinclair TV costs £79.95 and the special batteries which last 15 hours cost £3.30 each. The Sony Watchman costs £250 in the UK and runs for 3 hours on standard alkaline batteries. A newer, smaller model of the Watchman is available only in the U.S. and Japan at about $200. The Sinclair TV won't be in the shops until May or June, although subject to production, it is available through mail order.

BUILDING SOCIETY RATES

	Share a/cs %	Sub'pn shares %	Others %	
Abbey National	7.25	8.25	8.25	7 days' notice. No interest penalty
			8.75	Higher Interest acc. 90 days' notice or charge
			6.00-7.50	Cheque Save
Aid to Thrift	8.50	—	—	
Alliance	7.25	8.25	8.25	Monthly Income—3 months' notice
			8.50	28 days' notice. Imm. withdwl., 28 days' penalty
			8.25	7 days' notice. No interest penalty
Anglia	7.25	8.25	8.75	3-year Bond. No notice. 3 months' penalty
			8.50	Capital Share. No notice. 1 month's penalty
Bradford and Bingley	7.25	8.25	8.50	1 month's notice or on demand
			8.25	7 days' notice
Britannia	7.25	8.25	8.25	7 days' notice, 8.50 2 months' notice
Cardiff	8.00	8.75	—	
	*8.50	—	—	*Share account balance £10,000 and over
Catholic	7.50	8.50	8.50	6-month deposits. Monthly income
Century (Edinburgh)	7.75	—	8.75	2/3 years. Details supplied
Chelsea	7.25	8.25	8.75	Immed. withdrawal (int. pen.) or 1 mth.'s not.
Cheltenham and Gloucester	7.25	8.25	8.25	Gold account £1,000 + no notice no penalties. Monthly interest. £5,000 minimum, 8.57 if compounded
Citizens Regency	7.50	9.00	8.40	plus account no penalty. Double option 8.50
City of London (The)	7.50	8.25	9.00	5 months' notice—no penalty
Derbyshire	7.25	8.50	9.00	8.25 1 month's not., 7.75-8.60 3 months' notice
Greenwich	7.25	8.50	8.50	(max.) at 28 days' notice/penalty
Guardian	7.50	—	8.75	3 months, £1,000 minimum
Halifax	7.25	8.25	8.25	Xtra Interest, 7 days' notice, no penalty
			8.50	Xtra Interest PLUS 28 days' notice, no penalty
			8.75	Special Inv. Cert., 3 months' notice/penalty
Heart of England	7.25	8.50	9.00	8.25 5-day Notice Account
Hemel Hempstead	7.25	8.50	8.75	3 year, 8.50 28 days
Hendon	8.25	—	8.75	3 months
Lambeth	7.50	8.75	9.10	28 days plus loss of interest, 8.25 3 months
Leamington Spa	7.35	—	8.50	Top Ten. 8.75 Lion Share
Leeds and Holbeck	7.25	9.00	9.00	2 years with monthly int. 8.75 1 month's pen.
Leeds Permanent	7.25	8.25	8.50	Ex. Int. £500 min., 28 days' notice/penalty
Leicester	7.25	8.25	8.25	3 months
London and Grosvenor	7.75	—	8.25	High Yield (1 month)
London Permanent	7.75	—	8.75	1-year term. Imm. wdl. with loss of 1% bonus
Midshires	7.25	8.25	8.25	7 days' notice, £500 minimum
Mornington	8.50	8.50	—	
National Counties	†7.55	8.55	9.10	28 days' notice & loss of interest. † £1,000+
National and Provincial	7.25	8.25	8.50	1 month's notice plus monthly income
Nationwide	7.25	8.25	8.75	Capital Bonds, 3 yrs., £500 min. wdl. with 90 days' loss or notice. Bonus account 8.25, £500 minimum withdwl. with 28 days' loss or notice
Newcastle	7.25	8.50	8.75	4 years, 8.25 28 days' notice, or on demand with penalty, 8.50 90 days' notice, or on demand with penalty
Northern Rock	7.25	8.50	8.25	7-Day Moneyspinner, 7 days' not. wdl. no pen.
			8.75	Premium Moneyspinner on demand, 28 days' loss of interest on amount wdo.
Norwich	7.25	8.50	8.50	City Account, immed. withdls. with no penalty
Paddington	7.75	9.25	8.75	1 mth.'s not., or 1 mth.'s int. loss on sums wdn.
Peckham	8.00	—	8.25	1 month, 9.00 3 months' notice (no penalty)
Portman	7.25	8.75	8.75	Two month's notice, 8.25 no notice
Portsmouth	7.55	9.05	9.40	5 years, 9.00 6 months, 8.50 1 month
Property Owners	7.75	9.00	8.75	28 days, 8.75 3 months, 8.50 monthly income
Scarborough	7.25	8.50	8.25	Money Care and Free Life Insurance
Skipton	7.25	8.50	8.25	£1,000-£4,999 Sovereign, no penalties, no notice
			8.50	£5,000+, no penalties, no notice
Stroud	7.25	8.50	8.85	3 months, 8.25 1 month no penalty with notice
Sussex County	7.25	9.00	8.25	7 days' notice, 8.50 Sx.Sh., 7.50 Sh. a/c £2,500+
Sussex Mutual	7.50	9.00	8.75	1 month's notice/immed. with 28 days' penalty
Thrift	8.15	—	—	Other accounts available
Town and Country	7.25	8.25	8.75	3 yrs. ½-yrly. int. Monthly income dwl. facility
			8.50	28 days' notice or imm. withdrwl. with penalty
Wessex	8.30	—	—	
Woolwich	7.25	8.25	8.25	7 days' notice
			8.50	28 days' notice or on demand (Interest pen.)
Yorkshire	7.25	8.25	8.50	Diamond Key, 60 days' penalty or 2 months' notice without penalty

All these rates are after basic rate tax liability has been settled on behalf of the investor.

The return of the Lister Jaguar sports car

JUST when you thought it was safe to open the paper without reading more about Jaguar, two more manifestations—one from the past—have surfaced to send frissons through its rivals.

Jaguar were legendary for their Le Mans racing successes of the 1950s, under the direction of the company's aptly-named "Lofty" England.

While the "works" cars were mopping up the endurance races—Jaguar D-types were 1st, 2nd, 3rd, 4th and 6th at Le Mans in 1957—privately developed Lister Jaguars in the *hands of* Sterling Moss, Archie Scott-Brown and others were blowing everyone else into the weeds on shorter circuits.

Last year, as part of the extraordinary regeneration of the company which has seen sales rise by leaps and bounds, chairman John Egan officially took Jaguar back into motor racing, and a pair of XJ-S coupés came within a whisker of snatching the European Touring Car Championship from BMW despite being outnumbered by more than 5:1.

Two more Jaguars are now revving up, but on the sales grid—and as rivals. One has direct roots in the new racing era: the other in the old.

Tom Walkinshaw, head of Tom Walkinshaw Racing which has developed the latest racing cars and operates them for Jaguar—Walkinshaw drives as well—this week launched his own roadgoing version.

At £24,700, it is about £13,000 more than the "standard" 12-cylinder coupe from Jaguar. The interior, bodywork, engine and gearbox modifications are all substantial and the "TWR Jaguar" credited with 164 mph performance. Walkinshaw hopes to sell 300 in the first year and, indicative of Jaguar's tacit if unstated support, they are to be available to order through part of Jaguar's own dealer network.

And the Lister Jaguar is coming back—not as a race car, but as a variant of the XJ-S.

The man who produced the original racers and gave them his name, Brian Lister, now in his 60s, has joined with Birmingham Jaguar specialists Forward Engineering and two other partners to give the Lister a new lease of life.

The Lister is being put on sale in two forms: also heavily modified from standard. One, with a claimed 400 brake horsepower, against the standard 300 bhp, which is still good enough for 155 mph, costs about £32,000; the other, with a claimed 440 bhp and the engine bored out to 8.7 litres, comes with a price tag some £5,000 higher. With that one, Lister are muttering darkly about 185 mph.

Rapid though even the standard XJ-S is, the new rivals should be right up in performance with the very fastest of Ferraris and Lamborghinis—at prices still a good £10,000 cheaper.

Officially, Jaguar is staying aloof from their sales fight, and stressing that they are private developments not Jaguar's own.

But in a week which has seen also the lauded launch of Jaguar's "mobile office" Daimler limousine, the beams on the faces of the men at Browns Lane increasingly resemble those of cats with the cream.

Farmed venison for the super markets

Snow in Scotland will have brought the wild deer down from the hills into more inhabited areas to forage for food. But what could they have felt when, on the way down, they passed many of their cousins munching contentedly at ample bales of straw on fenced lowland farms.

Today the deer are back on the land where they were in Roman, Saxon and medieval times in Britain.

Deer farmers such as John and Nichola Fletcher in *Northern Fife*, say domestic deer is a more marketable form of meat than traditional game fare. Nichola, 32, has just published a cookery book* on prime venison which deer farmers say is the only red meat for which consumption is rising.

The growing number of deer farms and parks in Britain has created a sort of parallel market for venison which will probably fuel vigorous dinner table debate about which has the superior taste. The market, and now even the supermarket, have seen the arrival of prime deer meat—from deer less than three years old ready to be cooked in as straightforward a manner as a joint of beef.

Meanwhile, traditional venison must be put through a myth-laden ritual to disguise the fact that it is usually tough meat and most likely slightly putrid.

The game deer, shot by hunters, is probably a sinewy forest veteran about 10 years old shot in the shoulder or stomach ruining much of the best cuts of meat.

Awareness of the potential for deer has brought together many of the farms and deer parks. Parks are usually older than farms, with stone walls compared with modern fences. The arrival of New Zealand venison in the shops has also spurred them into forming a more united front.

With backing from the Government's Food From Britain export promotion body, over 30 deer farmers have now formed a co-operative, British Deer Producers.

Nichola published the book, *Venison: The Monarch of the Table*, herself after publishers had told her that venison cooking was already catered for. "They missed the point that this venison will soon be on the supermarket shelves."

* *Venison, the Monarch of the Table by Nichola Fletcher, Reediehill Deer Farm, Auchtermuchty, Fife KY14 7HS; £5.75.*

An Ever Ready Derby and Gold Seal Oaks

IN THE year when its hero, Lester Piggott, is expected to hang up his racing boots and retire to training, Epsom will stage the most valuable Derby in its history.

The reason for the leap in the value of the Derby is a £2m deal, in which the Ever Ready Battery company will sponsor the Derby and the Oaks, the fillies' classic, for the next three years. The June Derby will be renamed the Ever Ready Derby and the Oaks will become the Gold Seal Oaks.

Racing has increasingly gained by sponsorship in recent years. And the Ever Ready deal—the company is a subsidiary of Hanson Trust, the conglomerate at present involved in a takeover bid for London Brick—will mean that this year's Epsom classic will offer prize money of £200,000 to the winning owner.

The total purse of £350,000 will put the Derby alongside Paris's Prix de l'Arc de Triomphe as the richest race in Europe.

The star-studded Arc is sponsored by another British group, Trust House Forte, and on Monday THF is holding a luncheon in London to discuss involvement with British racing. THF said: "We can't say anything definite yet, but we do feel that after sponsoring a French race, we should do something about racing at home."

Tim Maligan of United Racecourses, which controls Epsom, is jubilant at the outcome of long negotiations and said yesterday: "We are thrilled."

It was only last year that a change in Jockey Club rules enabled the classics to be sponsored. General Accident, the insurance group that specialises in motor coverage, moved in to support the two great Newmarket classics, the 1,000 and 2,000 Guineas.

Now only one classic, Britain's oldest, the St Leger, run at Doncaster, remains unsponsored.

Jason Crisp
John Griffiths
Mark Meredith
Alan Forrest
and Dominic Wigan

Thorn EMI profit doubled in first half recovery

PRE-TAX PROFITS of Thorn EMI the television, video recorder, music, electrical and lighting group, doubled from £27.6m to £55.8m for the six months ended September 30 1983.

The directors point out that the "significant improvement" has to be considered in the context of the poor results of the 1982 first half, when trading conditions in the UK and the U.S. were particularly depressed.

However, spending on consumer durables in the UK continued, during the first six months of the current year, at the levels enjoyed in the 1982-83 second half, although there were the normal seasonal influences, including some reduction in demand for videos, both rental and retail, directors state.

External turnover amounted to £1.33bn at midway, compared with £1.2bn, including £819.8m (£734.5m) home figures, and trading profits were £197.5m, against £159.7m.

Pre-tax figure was after higher depreciation of £124.5m (£110.3m), but lower interest charges, £17.2m (£21.8m).

Earnings per 25p share were well up at 15.5p (6.3p), and partly to reduce disparity with the final, the interim dividend is increased to 5p (4.05p) net per share.

The music business in the UK showed improved results and Capitol Music in North America continued to benefit from the cost reductions initiated last year. However, these improvements were partially offset by lower aggregate profits from the music businesses in the rest of the world, directors state.

The newly formed Screen Entertainment Group, which comprises films, video software and cinema activities, made a contribution to profits following losses in previous years while sales of pre-recorded video cassettes increased internationally.

The higher technology engineering divisions continued to do well in the UK, and in the U.S. there was an improvement over last year. Electronics were successful in winning substantial orders for both civil communications and defence equipment and showed an increase in profit over last year.

The domestic appliance group showed an increase in profit, enhanced by the contribution from Kenwood, where the Gourmet and Chef small appliances did well directors say. The commercial appliances division maintained a satisfactory performance, while the retail division had a substantial increase in turnover, but an advance in profits was limited by pressure on margins.

The lighting business experienced only a small improvement in results.

Many of the company's businesses are closely involved in various aspects of cable television in the UK and out of the 11 pilot project licences granted the company has been awarded two franchises and has an interest in a third.

The company continues its strategy of selective investment in the twin areas of home entertainment and high technology engineering.

Minority interests and preference dividends took £3.3m (£3.1m) leaving an attributable balance of £27m (£11m). Interim dividends will absorb £8.17m (£7.1m).

See Lex

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Peter Black	int.	0.95	May 1	0.88	—	2.63
Thorn EMI	int.	5†	March 2	4.05	—	15.75
Webber Electro		1.75§	—	1.75	3.5	3.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted companies. ¶ Increas ed partly to reduce disparity.

Wigfall looks to wipe out losses over second half

FOR THE current year, Henry Wigfall and Son is expecting to at least break even. The group retails electrical goods, furniture and fashionwear, and has been carrying out a substantial reorganisation.

For the 28 week period ended October 8 1983 the directors report a cut in the loss from £1.47m to £590,000, after substantially reduced reorganisation costs £187,000 (£639,000) and interest charges £588,000 (£549,000).

And in the second half they are expecting a profit better than that achieved in the corresponding period last year, and "sufficient to eliminate the first half loss." For the whole of 1982-83 the group loss was £977,000 (£3.72m).

In the interim period steady progress continued with turnover being maintained at £16.82m (£18.93m) despite the sale of more than 40 shops operating for much of the first half of 1982. Retail turnover has shown "a significant increase while rental income remains static. There was a trading profit of £185,000 (£222,000).

The second half has brought "an encouraging level of business," while some of the cost-cutting activities are beginning to show results and the programme for new shops has started.

● **comment**

To look at Henry Wigfall's figures is to wonder what happened to the consumer boom. Trading profits are less than 1 per cent of sales and while the bottom line loss of £590,000 may appear much improved against £1.47m, a more realistic comparison is with the £498,000 loss Wigfall showed this time last year for its ongoing business. Yet recovery is at hand according to the directors. A good Christmas has enabled them to talk of break-even for the year, though servicing group borrowings is still a mammoth task. Net debt, adding in term loans, is little different from the £10m of the last accounts, more or less level pegging with shareholders' funds. The share price meantime may be paying lip service to the dismal trading results—at 155p it is within a few pennies of its low point over the last year—but a portfolio of a 100 or so High Street sites is what is relevant to a market capitalisation of £5m.

Hammerson Property £47m placing

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

Hammerson Property Investment and Development Corporation yesterday raised £47m (C$84m) through a London Stock Exchange share placing, to finance in full the acquisition of Mascan Corporation, the Canadian property group. Hammerson is also assuming £97m (C$172m) of mortgages and funded debt.

The vendor placing of 1.39m new ordinary shares and 4.97m "A" ordinary shares in Hammerson—at 750p a share—was successfully concluded in 25 minutes. The group's "A" shares closed last night up 5p at 800p.

Hammerson, which already has extensive property interests in Canada, announced last November that it intended to make an offer for Mascan, which has been recording heavy operating losses.

A receiver was appointed in October 1983.

The offer from the UK property group is conditional upon 90 per cent acceptance by Mascan shareholders and the closing date is February 8. The deal has been approved by the Canadian Foreign Investment Review Agency.

Mascan shareholders are being offered C$15 cash for each share as well as the right to purchase, at C$4.65 each, stock in a new company being formed to take over the assets which Hammerson is not buying.

Mr S. B. McLaughlin, who controls 57 per cent of Mascan's shares, is accepting the offer and, instead of taking cash, will secure a similar stake in the new company. His eventual shareholding will depend on the extent to which other Mascan shareholders take up the new stock.

Apart from Mr McLaughlin, six institutional shareholders in Mascan between them hold a further 28 per cent of Mascan's equity. Included is Standard Life Assurance, which also holds a 24 per cent stake in Hammerson.

Mr Sydney Mason, chairman of Hammerson, said the purchase of part of Mascan's property portfolio represented an attractive opportunity for the group to acquire valuable interests in Mississauga, Toronto. There is 1.1m sq ft shopping centre, four office buildings and a half-share in 2,000 acres of potential development land. The method of financing the deal is conditional on shareholder approval at an EGM on February 6.

Mr Mason also disclosed that Hammerson pre-tax profits for 1983 are estimated at £26.5m (£20.4m) and that a final dividend of 13p per share, making 15p (13p) will be proposed.

Hammerson has a portfolio of Canadian properties, principally in Calgary and Vancouver, as well as development projects in Toronto, Halifax and St Johns. Its shares were listed on the Toronto Stock Exchange in February 1983.

Included in the Mascan assets, which Hammerson will not be buying, are numerous parcels of development land situated all over Canada, a ski resort in British Columbia, hotels, farms and a golf course.

F. Miller broker says reject

BY RAY MAUGHAM

Vickers da Costa, remaining broker to F. Miller Textiles, has written to clients advising them not to accept the £11.5m agreed offer from knitwear group, Nottingham Manufacturing, prior to the first closing date of January 19.

Miller's other stockbroker, Greig Middleton, resigned just before Christmas and has since organised meetings of institutional shareholders in Edinburgh and London setting out its reasons why it believes the bid is too low. Greig said at the time that holders of as much as 40 per cent of the equity were surprised by the terms accepted by the Miller board.

As broker to the company, Vickers is not permitted to hold private meetings with groups of shareholders but, based on information generally available, the broker is telling all shareholders that there is scope for a better offer.

Miller and its financial advisers, says Vickers, "are taking the view that the deterioration in trading conditions is irreversible in the foreseeable future."

The firm acknowledges that "it is difficult for an outsider to argue with the conclusion that selling the business is better than setting out to restore its profitability. The question is then whether the price is right."

As Vickers sees it, there is little to argue about in respect of Miller's cash balances and the leasing operation—a significant contributor to group profits—assuming that the buyer is able to avoid crystallising the deferred tax of about 17p per share.

More to the point, "the implied offer for the clothing manufacturing business is asset value of about £3.9m."

For this the bidder "will be buying modern premises and modern plant capable of substantially higher turnover than has been recently achieved (£7m-£7.5m). Past profitability may not be relevant, but Miller's production unit has a good record of productivity and, given the changes required to boost throughput, is capable of profits which would represent a very high return on the implied purchase price."

At 218p per Nottingham share, the all-equity offer is worth 38.3p per share which compares with a price of 42p immediately before the offer announcement and a 1983 "high" of 65p.

Few takers in partial bid for Maynards

Shareholders representing a minimal 1.2 per cent of Maynards ordinary shares have accepted the contested partial bid by ex-supermarket chief Mr Lewis Cartier.

Acceptances for the preference share offer have been received in respect of 18,610 shares (32.9 per cent). The offers, which closed on Thursday, have been extended to January 26.

Mr Cartier is offering 250p cash for each ordinary and 100p cash for each preference.

Maynards has resisted the approach, emphasising that the only point on which the two sides can agree is on the future of its confectionery, tobacco and newsagents division (known in the trade as CTN), which they both consider should be sold.

Mr Cartier, who is seeking a 51.8 per cent holding, recently attacked Maynards defence document. Referring to a full year profits forecast at £1.28m by Maynards, he said: "This must be very disappointing for shareholders." He pointed out that the forecast was less than the profit achieved in four out of the previous five years and ignores any losses from the CTN division in the current year.

Crouch Group pares first half loss to £1.17m

Crouch Group, the international property development and construction concern pared taxable losses from £1.37m to £1.17m in the first half to September 30 1983. Turnover was also lower at £9.1m compared with £9.25m.

With losses per 25p share given as 29.27p (30.98p) the interim dividend is again being missed.

Interest paid on borrowings for the period was £469,000 and the directors say this reflects the continued high level of gearing in the light of difficulties encountered in disposing of completed developments and investment properties at acceptable prices.

The figures include provisions for:

● Estimated future losses on construction contracts currently being undertaken by Crouch Construction.

● Estimated rental guarantees and outgoings on unlet properties for which Crouch Group and its subsidiaries are responsible and further provisions of £324,000 against the estimated realisable value of UK development properties of Crouch Group and its subsidiaries. These are mainly in respect of carrying costs estimated to be incurred to the projected dates of disposal of the properties.

The figures do not include the capital loss arising on the sale of two investment properties in the second half as this will be set against the capital revaluation reserve.

As announced on December 29 1983, Mr Peter Meyer, chairman of Federated Housing, is to increase his stake in the group to 43.8 per cent as part of a plan to guarantee its long-term survival. Shareholder approval for this is being sought at extraordinary meetings to be held on January 27.

Peter Black's investment beginning to pay off

EXPANSION of the business at Peter Black (Holdings) continues, and the directors feel that the burden of development expense is more than warranted.

In the half year ended October 31 1983 turnover of the group, whose main activities are the manufacture of footwear and luggage, advanced by £8.42m to £39.98m, but the profit before tax showed only a marginal rise to £1.78m, against £1.73m.

The directors are firmly convinced that the "great opportunities" which exist in new but related product areas more than warrant the burden of development expense.

Vindication of this policy, they point out, is demonstrated by the success of the company's lighting project.

The directors give shareholders another example of long term strategy, namely, the involvement in toiletries. They say that investment in new plant and equipment are creating profitable business; in that context the company has purchased a small cosmetic company. Elite Assembly, which will enable the product range to be broadened.

Tax for the half year took £928,000 (£901,000), to leave the net profit at £856,000 (£832,000) for earnings of 5.4p (5.2p). The interim dividend is lifted to 0.945p (0.875p)—last year's total was 2.625p when profit reached nearly £3.5m.

Montagu Boston plans new course

BY ALISON HOGAN

Montagu Boston Investment Trust is to seek shareholder approval at an EGM for a change in its investment strategy from a concentration on North American equities to unlisted securities and special situations.

The latest undiluted net asset value of the trust is 117.5p The board proposes to make a scrip issue of warrants and to make provision for an executive share option scheme as part of the change.

The trust aims primarily for capital growth, although a small dividend will be paid to retain trustee status. The board, which rejected an approach from a company in October, considers that the new strategy will boost performance.

It is presently around 30 per cent liquid with the balance in North American equities. The strategy aims for around 75 per cent of funds in North American unlisted securities, with 25 per cent in listed equities considered special situations. With investments on average coming to the market in 12 to 18 months, Montagu Boston says it expects to maintain a steady return.

The trust is managed by Montagu Investment Management, a wholly-owned subsidiary of Samuel Montagu. MIM also manages the larger Drayton Consolidated Trust which has around 25 per cent of its portfolio in unlisted companies, half of which are in North America.

Drayton, which owns 8 per cent of Montagu Boston, plans to increase its stake to between 20 and 30 per cent. Drayton will concentrate on investments in excess of £750,000 and Montagu Boston on smaller companies.

New directors with the expertise to manage the newly-directed fund include Derek Palmer, chairman of Bass Charrington, Robert Power and Douglas Nation of two American investment banks experienced in this area of investment, and Christopher Mills of Montagu Investment Management.

The directors propose that existing warrants shall be redesignated series A warrants and new ones series B warrants. The new 1m series B warrants will be exercisable up to January 31 1993 and at a price of 120p per ordinary share. The new issue will be in the proportion of one new series B warrant for every 11 shares already held, and one new series B warrant for every 11 existing series A warrants held.

The executive share option scheme, which permits the issue of a maximum of 500,000 options, represents 5 per cent of issued capital.

Bellair suspended

The Stock Exchange yesterday ordered the temporary suspension of the shares of Bellair Cosmetics, the hair lacquer maker, following a further price rise and the group's failure to explain the reasons for the increase.

The suspension came at £1¾, a new 1983-84 high for the group and dramatically up on the 17p level of April last year. Bellair made a pre-tax loss of £138,000 in the six months ended April 30, 1983 on turnover of £983,000. This compared with the previous loss of £142,000 on turnover of £1.14m.

Mr Mehmet Tecimer, a Turkish businessman, holds a 76 per cent stake in Bellair though he has made no attempt to gain board representation.

GRE lifts reversionary bonuses

Guardian Royal Exchange Assurance is lifting its annual reversionary bonus rate on ordinary life policies by 30p to £6.80 per cent of the sum assured. On pension contracts the increase is 35p to £7.95 per cent of the basic benefit.

The company is consolidating part of the terminal bonus in the form of a special reversionary bonus of 7½ per cent of attaching bonuses. The terminal bonus rate for 1984 will be 20 per cent of attaching bonuses compared with 25 per cent previously.

The United Kingdom Provident Institution is maintaining its annual reversionary bonus rate on life assurance contracts at 54.9 per cent of the sum assured, and attaching bonuses at £5.70 per cent of the basic benefit and attaching bonuses for pension contracts.

Terminal bonus rates are being increased for claims arising in 1984. The new scale for life policies will rise to a maximum of 65 per cent of existing bonuses on life policies, from the previous 60 per cent, while for pension contracts the rate is lifted from 35 per cent to 45 per cent of existing bonuses.

The Life Association of Scotland, a member of the Nationale Nederlanden Group, has also declared unchanged annual reversionary bonus rates for 1983.

The rate for life policies will thus be £4.50 per cent of the sum assured and £5.50 per cent of attaching bonuses, while the rate for contracts taken out before October 1 1970 being £6 per cent of the sum assured. On individual pension contracts, including self-employed, the rate is £4.75 per cent of the basic benefit and £5.75 per cent of attaching bonuses.

The terminal bonus rate is lifted from 45 per cent to 65 per cent of attaching bonuses for contracts taken out before October 1 1970 and from 30 per cent to 45 per cent of attaching bonuses for other contracts.

The Medical Sickness Society is keeping its annual reversionary bonus rate for 1983 at the 1982 level of £5.25 per cent compound. The terminal bonus rate is also kept unchanged at 30 per cent of all existing bonuses.

Reversionary bonus rates on sickness and accident contracts are increased between 5p and 10p per cent, with the terminal bonus kept at 25 per cent of all existing bonuses.

Gresham Life Assurance Society is lifting its terminal bonus rates for 1984 on pension plans from 20 per cent to 22½ per cent of attaching bonuses. However, rates on life policies, both old and new series, are unchanged.

The company made substantial increases in these rates in July of last year.

Crosby Woodfield receives approaches

Crosby Woodfield, an industrial holding company, reports that it has received approaches which could result in offers being made for the company.

Based on last night's closing price of 14p, up 3½p on the day, the value of Crosby's ordinary capital is £3.02m. Shareholders are advised, pending the outcome of discussions, not to take any action.

Last month the group reported a return to profits at the interim stage with a taxable surplus of £62,000 (loss £173,000), and the directors said it was well placed for expansion.

No interim dividend was declared for the six months to September 30 1983 but the directors said that a return to profits should lead to a more liberal dividend policy. Over the past three years an unchanged final dividend of 0.05p has been paid.

Morgan Guaranty Trust Co of New York now has an interest in £99.55m ICI ordinary stock, of which £96.61m is registered in name of nominee company Guaranty Nominees.

BAT ensures availability of alternative offer

BY CHARLES BATCHELOR

BAT Industries moved yesterday to ensure that both loan stock and capital notes will be available as part of the alternative offer included in its £605m bid for the Eagle Star insurance group.

In its offer document BAT said that the minimum amount of loan stock and capital notes to be issued would be £25m of each. Some shareholders had expressed fears that there would not be enough demand for one or both categories of paper, so none at all might be issued.

BAT said yesterday that its Weston Investment Company subsidiary, which holds BAT's stake of 7.69m Eagle Star shares, would elect to take up the alternative consideration in such a way as to guarantee the £25m minimum levels would be reached.

The alternative to the BAT 700p cash offer comprises 234p cash, 233p in loan stock and 233p in capital notes. However, Eagle Star shareholders may elect in receive the three elements of the alternative offer in different proportions.

A number of small shareholders who intended to apply for the capital notes, so as not to incur a capital gains tax liability, were concerned the loan stock would be more popular leading to insufficient demand for the capital notes.

BAT has bought no further Eagle Star shares in the market since it acquired the 4.84 per cent holding owned by the New York arbitrage house I. F. Boesky Corporation on January 5. BAT's offer closes on January 18.

Allianz, the West German insurer, has agreed to sell its 30 per cent holding in Eagle Star to BAT by that date if no alternative bidder emerges.

Nash Inds. purchase

Nash Industries has contracted to acquire the capital of Victoria Pressings, through its subsidiary Press Operations. Nash shareholders have to give their approval.

The consideration is to be satisfied in cash and will be equivalent to four times the average annual pre-tax profits of Victoria for the 32 months to September 30 1983, or the net tangible assets as at October 31 1983, whichever is the greater.

An initial payment of £694,000 (equivalent to the audited net tangible assets of Victoria as at October 31 1983) is to be made on completion.

There will be an interim supplementary payment, provided that the average annual pre-tax profits for the 20 months to September 30 1984 exceed £174,000, equivalent to 80 per cent of the amount by which four times the average annual pre-tax profits exceed £694,000.

And a final payment, provided that the average annual pre-tax profits for the 32 months to September 30 1985 exceed £173,000 equivalent to the amount by which four times the average annual pre-tax profits exceed the initial and interim payments.

Charles Fulton (UK), international money broker, and the American managements of Mabon Nugent Godsell and Mabon Nugent Federal Funds completed the merger of their broking operations on January 5, for an undisclosed sum. The two North American companies have been renamed Prebon Money Brokers Incorporated.

Prebon is one of the largest U.S. Euro-currency deposit and foreign exchange brokers and the leading broker of overnight federal funds.

Results due next week

Racal Electronics has been out of favour with the market for the last year and the chairman's comments on the interim figures due on Wednesday will be eagerly awaited for evidence of a return to favour. Data Communications and Decca are expected to make a good contribution but Radio Communications performance is more problematic. Orders for military radio equipment from the important Saudi Arabia market have been poor. Analysts' forecasts average around £50m pre-tax, compared with £47m, rising up to £135m for the full year with an expected better second half.

Long-term prospects look promising for Dowty Group's major divisions, with the pick up in civil aviation and the heavy investment in R and D coming through in the electronics division. But the first-half results to September are expected to be dull, a couple of million below last year's comparable pre-tax profits of £17m, when they are announced on Wednesday. Mining has been the worst casualty, especially in the U.S. where it faced industrial action and a much reduced order book.

Everyone is agreed that the London hotel industry had a wonderful 1983 season. This is good news for Trusthouse Forte, due to report full-year figures to end October on Thursday. Outside London, THF's hotel business will have been a little more patchy: but TraveLodge in the U.S.—full-year dollar figures have already been published—should notch up a sterling profits improvement of some 30 per cent. Excluding property disposals, the market expects profits of around £87m. Disposals included, forecasts range around the £80m mark, compared with last year's £57.1m.

There should be few surprises in Tate & Lyle's figures for the year to end September, due on Wednesday. In September, the company produced, along with its one-for-four rights issue, a forecast of £55m. This was substantially ahead of what analysts had forecast at the interim stage, but it would appear that rationalisation in UK sugar refining is paying off ahead of schedule. Again, it seems likely that in commodity trading—a notoriously tricky area for outsiders to forecast—the company has done well, after making some provisions in the first half. Analysts are now looking for results slightly better than the company's forecast, at around £56m.

The Guinness campaign is still in its early days, but first indications are that it will succeed in arresting the decline to volume in the UK. Meanwhile overseas, brewing profits, for Arthur Guinness in several key markets in the developing world continue to be depressed. The market has been impressed with chief executive Mr Ernest Saunders' major rationalisation programme. But there is a feeling that the transitional stage is not quite complete and, after several disposals, a clearer indication of future directions is still awaited. The "modest" full year profit improvement forecast at the interim stage is expected to come out at around £56m to £57m pre-tax on Tuesday, compared with £49.4m, with an increase in the total net dividend.

MFI is still expanding aggressively, as underlined by the company's first-ever rights issue last October. Annual growth in store area continues at around 15 per cent, and the push still goes on for product innovation. Last year MFI grabbed some 5 per cent of the bed market, and the interim figures to end-November, due on Tuesday, should contain a small initial contribution from this year's innovation, fitted kitchens. Expectations for pre-tax profits are around £15m, against last year's £11.3m.

Other results due next week include interim figures from Datastream and AGB Research on Monday and Dixons Group on Thursday. Trident TV and Anglia TV publish final profits on Tuesday and Wednesday respectively, while Goring Kerr and Tace publish finals on Wednesday.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Anglia TV	Wednesday	2.5	4.0	2.5
Bett Brothers	Wednesday	1.2	1.9	1.0
Countryside Properties	Tuesday	1.54	2.695	1.68
Elandsrand Gold Mining	Thursday	—	20	—
Eurotherm International	Thursday	—	1.0	—
Evode Group	Monday	0.593	1.44	0.7116
Goring Kerr	Wednesday	—	—	—
Greenfriar Investment Company	Thursday	—	2.3	—
Guinness, Arthur	Tuesday	1.575	3.65	1.6555
Hedland Holdings	Tuesday	0.84	1.68	0.84
Hawtin	Wednesday	—	—	—
Lincroft Kilgour Group	Tuesday	—	2.0	1.0
Lovell, G. F.	Thursday	—	2.0	—
Oakwood	Thursday	2.0	4.5	2.0
Raeburn Investment Trust	Thursday	3.0	4.8	3.25
SGB Group	Monday	2.3	3.3	2.3
South African Land and Exploration Co.	Thursday†	35.0	40.0	30.0
Southern Business Leasing	Monday	—	—	—
Southvaal Holdings	Thursday†	120.0	210.0	215.0
Tace	Wednesday	—	—	1.0
Tate and Lyle	Wednesday	4.0	9.5	4.5
Trident Television	Tuesday	1.28	3.0	1.5
Trusthouse Forte	Thursday	1.5	5.5	2.0
Updown Investment Company	Monday	—	2.5	—
Vaal Reefs Exploration and Mining	Thursday†	350.0	600.0	585.0
Western Deep Levels	Thursday	—	—	—
INTERIM DIVIDENDS				
AGB Research	Monday	4.0	8.0	
Ailsa Investment Trust	Monday	0.7	1.15	
Allied Colloids	Wednesday	0.54167	2.0	
Armour Trust	Tuesday	—	0.165	
Atlantic Assets Trust	Thursday	—	0.3	
Banks, Sidney C.	Wednesday	2.5	5.0	
De Brett, Andre	Friday	1.0	1.5	
Centrovincial Estates	Tuesday	2.5	2.5	
Cray Electronics	Monday	0.435	1.32	
Datastream	Monday	—	1.5	
Dixons Group	Thursday	1.45	2.64	
Country and New Town Properties	Thursday	0.3	0.7	
Dowty Group	Wednesday	1.65	2.25	
Fleming Technology Investment Trust	Wednesday	0.8	1.35	
Geller, A. and J.	Wednesday	1.8	2.7	
Gnome Photographic Products	Tuesday	—	4.5	
Group Investors	Tuesday	1.1	2.3	
Independent Investment Company	Thursday	0.5	0.5	
Kakuzi	Tuesday‡	30.0	45.0	
MFI Furniture Group	Tuesday	1.4	2.3	
MME Facilities	Thursday	—	—	—
Priest, Benjamin	Friday	—	0.1	
Property Security Investment Trust	Thursday	0.5	1.2	
Racal Electronics	Tuesday	0.69575	2.057	
Smith, David S.	Tuesday	2.5	1.0	
Stewart Plastics	Thursday	0.6594	1.3639	
Stroud Riley Drummond	Monday	0.75	1.5	
Westpool Investment Trust	Tuesday	0.344	0.512	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † In cents. ‡ In Kcents.

SHARE STAKES

Portals Holdings—W. A. Wood, a director, has exercised his option under the group's senior executive stock option scheme to subscribe for 30,850 ordinary shares at 402.563p per share.

Floyd Oil Participations—J. F. Frey, a director of USM General Undertaking, has sold 100,000 ordinary shares.

Midsummer Inns—T. Hoskings Brewers of Beaumanor Brewery, Leicester, own 37,950 ordinary shares (8.84 per cent).

Edinburgh Securities—Merchant Navy Officers Pension Fund Trustees has disposed of 763,888 ordinary shares, reducing holding to nil.

Owners Abroad Group—N. Scott, a director, has disposed of 3,750,000 ordinary shares reducing holding to 12,715,000 shares (24.22 per cent). R. Allard, a director, has disposed of 1,250,000 ordinary shares reducing holding to 6,500,000 shares (12.38 per cent). N. Langley-Pope, a director, has disposed of 5,510,000 ordinary shares reducing holding to 5,510,000 shares (10.5 per cent). R. Hoffman has disposed of 1,250,000 ordinary shares reducing holding to 2,539,500 shares (4.84 per cent).

Campari International—P. Koo, a director, has acquired 31,322 ordinary shares under the staff share option scheme and sold 27,000 of them at 39½p each.

W. H. Smith and Son (Holdings)—G. J. Chandler, in respect of director, as a trustee, has disposed of 28,930 ordinary shares reducing holding as trustee to 43,720 shares.

Lynton Holdings—Colguy Holdings holds 1,715,000 ordinary (17.28 per cent).

BIDS AND DEALS IN BRIEF

Francis Sumner (Holdings) has agreed to sell Brough, Nicholson and Hall, its wholly-owned subsidiary for around £50,000 to a subsidiary of Berisfords. In addition a £200,000 loan by Sumner to Brough is to be repaid.

* * *

Melton Medes, the Nottingham-based private group, has acquired Melton Plastic Components, Bolton, from the Bowater Corporation. BPCL is a major supplier of plastic blow mouldings to the motor industry.

Mr James Philpotts, newly appointed chief executive of Melton Medes said: "The acquisition represents a perfect match of needs. Bowater had indicated that it wished to divest as the activity did not fit within its identified businesses development and we at Melton Medes want to broaden the base of our activities into manufacturing. Post this acquisition our turnover is running at £10m per annum and increasing."

By the end of January, he hopes to announce details of a further acquisition in the manufacturing sector.

* * *

Transactors Establishment of Vaduz in Liechtenstein, the beneficial owner of 1.01m ordinary shares in Avon Rubber Holdings (equivalent to 15.14 per cent), has sold its entire holding to a number of other shareholders.

* * *

The offer by Stockley Developments for the ordinary capital of Trust Securities Holdings has become unconditional as to acceptances and remains open.

Valid acceptances of the offer total 91.5 per cent of the ordinary. In respect of the cash alternative, acceptances have been received in respect of 28.3 per cent.

* * *

Mr J. P. Danny, a director of VG Instruments, has increased his interest in the company to 800,000 ordinary shares. On January 5, he purchased 400,000 shares at 135p each from Mrs R. A. Eastwell and Mr C. E. Wilkinson, and 170,000 at 130p from Mr B. A. Eastwell and Mrs Eastwell.

After the transaction, Mr Eastwell's beneficial and non-beneficial interests are 737,066 and 1,446,948 shares respectively, which in aggregate represents 4.37 per cent.

* * *

Star Computer Group has announced that it has brought its holding in the ordinary shares of Paxton Computer to 73 per cent with the purchase of 24 per cent on December 8, 1983 for £250,000. This is in line with Star's agreement with Paxton, reached in August 1983, to acquire a 75 per cent holding.

* * *

Trafalgar House is to hold an extraordinary general meeting on January 30 to pass a resolution approving the proposed acquisition of the balance of shares in Candecca and increasing its own share capital from £55m to £85m. An EGM of Candecca will be held on February 3 to pass a special resolution reorganising its share capital in order to reduce the costs of the proposed acquisition.

* * *

YKK Fasteners (UK) has acquired the New Zipper Company.

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SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

The recent proposals to reform the Stock Exchange have resulted in another major deal in the UK financial sector with Charter Consolidated, the industrial and mining group, acquiring a 29.9 per cent stake in Rowe and Pitman, the London-based stockbroker, for £16.2m. At the same time, stockjobbers Akroyd and Smithers is forming a limited liability company with Rowe and Pitman to develop both firms' international equity business.

Major UK brewery concern Whitbread moved into third place behind Bass and Allied in the off-licence league following the £18m cash purchase of a group of companies from Lonrho. Included in the package are T. F. Ashe and Nephew, which operates 325 off-licences in the northern half of the UK. Other companies acquired are involved in the wholesaling of beers, wines, spirits and soft drinks.

Cookson, formerly Lead Industries, agreed to acquire solder products supplier Alpha Metals Inc., a wholly-owned subsidiary of BTR based in the U.S. for £18.9m. The deal also includes Alpha's overseas subsidiaries and the shares of its West German associate.

Leyland Paint and Wallpaper disclosed that it had recently received an approach from an unnamed party which could lead to an offer for the company. Discussions are at an early stage and it is thought that the approach has come from an international concern.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Aero Needles	80*	71	43	2.56	Newell Fnshngs
Allnat Lon Props	245†	243	220	95.00	Slough Estates
Ault & Wiborg	46*	44	33††	4.70	Sun Chemical
Bishops Grp Ord	291*	280	273	5.09	Booker McConnell
Bishops Grp A NV	221*	210	245	7.74	Booker McConnell
Brkly & Hay Hill¶	8§	8½	10½	2.46	Promotions House
Candecca Res	201	195	185	78.39	Trafalgar House
Danish Bacon 'A'	115*	100	110	1.98	Ess-Food
Eagle Star	700*	685	528	968.27	BAT Inds
Edith	57*	55	47	55.95	Invs in Industry
FMC¶	49*	46	43	4.90	Hillsdown Hldgs
Francis Parker	50*	45	52	12.88	Tarmac Redstone
Guildhall Prop	162†	160	132	0.99	Slough Estates
Helical Bar	65*§	68	75	1.59	Exact
Ingram (H.)	65*§	358	50	1.02	Wasskon
Int Paint	223§	208	162	20.05	Courtaulds
London Brick	150‡‡	138	104	212.00	Hanson Trust
Maynards	250*§	265	198	6.34	Lewis E. Cartier
Miller (F.)	38	38	42	5.47	Nottingham Mnfg
Rightwise	236§*§	190	200	2.57	Crosby House
Rosedimond Inc	58	55	50	3.47	English Assocn
Rosedimond Cap	244	224	185	6.49	English Assocn
Russel Bros¶	50*	85	115	0.72	Mr N. Phoenix
Stenhouse¶	147§§	137	106	55.80	Reed Stenhse 'A'
Streeters	20*§	20	35§	1.15	Costain
Sunlight Serv	285†	230	192	34.83	Brengreen Hldgs
Tecalemit	43§§§	51	29	14.96	Siebe Gorman
Telfos	40*§	39	38	2.08	Plantation and Gen Invs
Trust Securities¶	15*	57	46	4.69	Stockley Dev
Twinlock	71*§	70	60††	15.17	Acco World Cpn

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. || Loan stock alternative. ** Based on 13/1/84. †† At suspension. ‡‡ Estimated. §§ Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Ass Newspaper	Sept	16,460 (11,470)	44.3 (24.0)	12.0 (10.4)
Baker's Household	Oct	525 (753)	10.4 (9.3)	2.0 (1.65)
Barr, A. G.	Oct	3,590 (2,800)	34.5 (31.4)	6.75 (5.87)
Bloemel Brothers	Oct	310L (395)L	— (—)	— (—)
French, Thomas	Oct	2,200 (1,140)	32.2 (10.0)	7.5 (6.0)
Heavitree Brew	Oct	614 (627)	43.9 (58.0)	25.0 (23.6)
Kenning Motor	Sept	11,750 (8,300)	18.0 (13.4)	6.5 (5.5)
Lon Scot Fin Tst	Oct	1,529 (1,350)†	5.8 (5.4)	2.5 (2.13)
Muirhead	Sept	1,550 (1,220)	15.9 (13.8)	5.0 (4.0)
Pleasurama	Sept	17,100 (9,510)	30.9 (27.1)	6.5 (3.75)
Rayford sup Hlgs	Sept	1,810 (—)	23.0 (—)	2.1 (—)
Richards	Sept	36 (327)L	1.17 (—)	0.45 (0.3)
Ryan Hotels	Oct	124 (365)L	0.7 (—)	— (—)
Standard Sec	Sept	1,210 (718)	6.3 (4.9)	3.2 (0.19)
Watson & Philip	Oct	821 (1,080)	7.2 (7.8)	4.33 (4.0)
Wellcome Found	Aug	61,200 (55,100)	— (—)	— (—)

Offers for sale, placings and introductions

Energy Capital issued two tranches of new shares to chairman, a director and Bishopsbridge Investments.
John Kent—Coming to USM via placing of more than 7m shares.
LPA Industries—Coming to USM at end of February.
MEPC—Placing of a £70m 40-year first mortgage debenture stock.
Norema—Private placing of 47,000 shares at NKr215 in London.
Sandhurst Marketing—Raising £2m through issue of new partly convertible cumulative redeemable preference shares to ICFC and Equity Capital for Industry.
Vallo Pollen—Coming to USM.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Asprey	Sept	3,020 (2,810)	6.0 (6.0)
Asda	Nov	43,740 (35,100)	1.2 (0.94)
Bespak	Sept	1,050 (684)	1.5 (—)
Brown & Tawse	Sept	1,540 (1,670)	1.2 (0.7)
Carclo Engineering	Sept	1,090 (1,010)	2.6 (1.3)
Ellis & Everard	Oct	1,160 (919)	2.5 (2.27)
Fitch Lovell	Oct	7,300 (5,300)	2.5 (2.17)
Hales Properties	Sept	318 (293)	1.5 (1.33)
Heath, Samuel	Sept	156 (174)	— (—)
Hogg Robinson	Sept	3,460 (2,789)	3.3 (3.0)
Jones Stroud	Sept	1,560 (1,320)	2.3 (2.0)
Magnet & Sthrn	Sept	17,280 (12,070)	2.0 (1.7)
Multitone Elec	Sept	453 (126)	1.05 (1.0)
Owen & Robinson	Nov	14L (20)L	— (3.0)
Pennine Resrcs	Sept	261L (—)	— (—)
PH Industrials	Oct	126 (95)	1.75 (1.5)
Rainers	Oct	373L (1,300)L	0.67 (0.67)
Stead & Simpson	Sept	1,700 (957)	1.5 (0.75)
Symonds Eng	Sept	156 (111)	0.27 (0.22)
Tomkins, F. H.	Oct	588 (481)	0.64 (0.58)
United Pack	Oct	461 (470)	1.4 (—)
Worthington, A. J.	Sept	123L (139)L	— (—)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net pence per share except where otherwise stated. † Figures for 65 weeks. ‡ To 15. L Loss.

Rights Issue

Ellis and Everard—Raising £4.4m net by way of a two for seven rights issue at 160p per share.

CONTRACTS

Henry Boot equipment for Egyptian Railways

Following recent orders obtained from Iraq, Saudi Arabia and West Africa, HENRY BOOT RAILWAY ENGINEERING has been awarded a contract for the supply of 500 railway turnouts and associated timbers to Egyptian National Railways. Worth over £4.5m, the order calls for turnouts to Egyptian Railways specification to be used in the rehabilitation of existing track and the construction of new track on a phosphate mine railway in Southern Egypt. The permanent way equipment is to be made in the Darlington and Bromford workshops of Henry Boot Railway Engineering over 18 months.

*

KEARNEY & TRECKER MARWIN (KTM), the machine tool manufacturing subsidiary of the British engineering group, Vickers, has made a sales and technology agreement with Hindustan Machine Tools of Bangalore, India. Initially, KTM is supplying nine machining centres worth £2m, most of which have already been delivered, but Hindustan will gradually build up the Indian content in the KTM products for sale in India. KTM has been appointed UK agent for Hindustan's range of standard milling machines, radial drills and centre lathes.

*

A £2m contract for construction of a powders and liquids building and associated works for PPF International at Bromborough, Wirral, is among latest contracts awarded to A. MONK AND CO. The company has also won a £230,000 contract to improve and expand the St Fergus oil terminus near Peterhead for Soil Instruments.

*

In an order valued at over £300,000, STEPHENS AND CARTER is to install a nationwide computer network and develop its own integrated management information system using LINC, a software system generator, from BURROUGHS MACHINES. To handle depot administration, stock control, order processing, general accounting, customer inquiries and payroll, S&C will instal a network of Burroughs B20 microcomputers, each with 5Mbytes of Winchester disk storage. Working off-line by day, the B20's will be linked at night to a B1985 located at S&C's accounts office.

To provide up-to-date information, culled from the network of B20s, 19 of Burroughs new ET 1100, ergonomic terminals, will be located at S&C's head offices in Brentford and at several regional offices.

*

TROLLOPE & COLLS has been awarded a further contract at the "City Village" in Lovat Lane, EC3, worth £1.7m. This latest phase, block M, will complete the development by joining the existing blocks Q, R and S with St Mary-at-Hill. The new building will be four storeys high and provide a further 12,200 sq ft of office accommodation and, in keeping with the rest of the development, will be equipped with variable air volume air conditioning systems.

*

Building services engineers, THE TOWCO GROUP, are to carry out a £350,000 mechanical, electrical and plumbing services contract at Ocean House, EC4. The client is Whyatt Properties, the architect D. Y. Davies and the main contractor is Mansells. This major refurbishment project is due for completion in May.

*

An £87,000 contract to build a public car park at Loftus, in Cleveland, for the Borough of Langbaurgh, has been won by A. MONK & COMPANY. The project involves demolition of disused council buildings and construction of a car park with roads and paving, retaining walls, and landscaping plus a new surface water sewer.

*

JAMES GIBBONS WINDOWS has won a contract for a highly specialised glass and glazing scheme at The BOC Group's new headquarters in Surrey.

China orders flour mill

The Beijing Food Bureau in China has placed a contract with HENRY SIMON of Stockport, for a £1.5m flour mill. The mill, Beijing no 5, will grind 350 tonnes of wheat a day. It is scheduled to be commissioned by mid-1985.

*

Kuala Lumpur's Bangunum Umno, an entertainments and commercial complex due for completion early next year will have SPACE-TIME SYSTEMS' British box office computer system making all the reservations and ticket sales. The Plenary Hall will be Malaysia's first major venue for live entertainment, and its £350,000 BOCS was specified by the Japanese consortium of civil and consulting engineers building the complex. With variable seating for 2,100, and adjacent rooms and halls allowing a total capacity for conferences of up to 7,500, even the venue's 730-car parking lot will be bookable through BOCS.

£3m sewerage at Grimsby

MILLER BUCKLEY CIVIL ENGINEERING, part of the Miller Buckley Group, has recently started work on a £3m sewerage contract at Grimsby. The work was awarded by Anglian Water (Lincoln Division) for construction of the fourth stage in the renewal of Grimsby's sewerage and effluent distribution system. It will link the Riby Street pumping station with the Pyewipe pumping station by twin 900 mm diameter ductile iron pipes over a mile long.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD, SILV, ABN, AKZO, AMRO, HEIN, HOOG, KLM, NN, PETR, PHIL series	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PHIL P	F.45	108	0.40	456	a	605	3.50	"
PHIL P	F.50	181	2.30	317	2.80	49	6.90	"
RD C	F.130	52	16.50	a	12.50 B	94	20	F.146.20
RD C	F.140	558	6.70	325	12.40	110	14.60	"
RD C	F.150	171	0.80	650	7.10	98	9.50	"
RD P	F.130	—	—	45	1.20	18	2.40	"
RD P	F.140	1	0.60	236	3.20	95	6.50	"
DNIL C	F.260	36	0.50	10	16.50	65	23.50	F.258.20

TOTAL VOLUME IN CONTRACTS: 18,583

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½%	Knowsley & Co. Ltd.	9½%
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10 %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	■ J. Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered ‖	9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings ¶	10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp.	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank *	9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 6%. Fixed rate 12 months; £2,500 9%; £25,000 12 months 9.5%.
† 7-day deposits on sums of: under £10,000 5¼%, £10,000 up to £50,000 6¼%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.

Stock Exchange Dealings

Continued from page 22

Wheelock Maritime Int A 29 (10/1)
Do. 8 04¢ (11/1)
Williams Cos $US29¼
Windsor Resources 19½ ½
Woolworths ($A0.50) 175
World Intnl (Hldgs) 18½ ¼
Zone Petroleum 175

RULE 163 (2)

Applications granted for specific bargains in securities not listed on any Stock Exchange

Abbey Nat Bldg Soc 12pc Bds £100 .026 .051 (6/1)
All England Lawn Tennis Gnd £50 Obs 1981-85 £3,600 50 (10/1)
Amal Metal Corp 225 50 (11/1)
Do. 5.4pcPf 48 52 3 (11/1)
Anglo Am Agriculture 39 ½ (10/1)
Ann Street Brewery 385
Bell 4pcPerp1stMtgDb £235
Biotechnology Invs ($US0.021 £11¼ ½ ¾ ¼ (10/1)
Border TV A (10p) 20 ½ ¼ (6/1)
British Thoroughbred Racing (£200) £210 20
Carlaun (10p) 11 2 (8/1)
Ceylon and Indian Planters 175 85 (8/1)
Channel Hotels and Props (10p) 43 5 (11/1)
Coml Bank of Wales 9 2 3 5 (11/1)
Conister Trust 2 (8/1)
Crusts (10p) 105 5 (11/1)
Domes of Silence (1920) (2½p) 9 10
Edenspring Invs (1p) 7½ 9⅛ 3 ½ (11/1)
Five Arrows 305 15 (8/1)
Gale (G.) A 320 5 (11/1)
Hard Rock Cafe (2p) 39 (10/1)
Hartley Baird (5p) 10 1 (11/1)
Heavitree Brewery A 12 10 (6/1)
Jennings Bros 165 ¼ (11/1)
Jersey Gas (£1) 200
Do. 5pcACumPf 39
Jessel Tst (5p) 4½ 5½ (8/1)
LPA Ram-Elec (10p) 127 8 30 1 (10/1)
Le Riches Stores 256 60 (10/1)
Manchester Utd FC 195 200 21 2
Memcom Intnl (10p) 98 9 100 (6/1)
Norton Villiers Triumph (10p) 1½ 2 (10/1)
Oldham Estates (50p) 98 100
Pahang Cons 46 7 8 ½ (11/1)
Plantation and Gen Invs 205 7 (11/1)
Rangers FC 15 (10/1)
Red Rose Radio (10p) 25 (10/1)
Do. A NV (10p) 20 (10/1)
Do. Var Rate PtlyCnvUnsLn 1992 150 (10/1)
Rotaco (10p) 2 ⅝ (11/1)
Servis (10p) 28¼ ½ (11/1)
Sinmlair Research £34 (11/1)
Southern Newspapers 153 3 (10/1)
Weetabix A 106 2 (10/1)
Wynstay Props 108 (11/1)

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Exploration 18 7

(By permission of the Stock Exchange Council)

Economic Diary

TODAY: EEC officials meet in Brussels to discuss retaliation for U.S. specialty steel quotas and tariffs.

TOMORROW: Mr George Shultz, U.S. Secretary of State, arrives in London for talks with Mrs Margaret Thatcher. Colliery winders meet in Edwinstowe to consider split within the NUM over overtime ban. OECD report on U.S.

MONDAY: FT Conference on "Aerospace in Asia and the Pacific Basin" in Singapore. Parliament resumes. Provisional retail sales (December). The CBI/FT survey of distributive trades (end-December). Ford management and unions discuss future of Dagenham foundry. Mr Francis Pym addresses inaugural meeting of British Committee for a Community of Democracies. President Reagan to make foreign policy statement on U.S.-Soviet relations. Nato Foreign Ministers meet in Stockholm. Islamic summit conference in Casablanca.

TUESDAY: Index of output for the production industries (November). Rail unions meet on cuts. European disarmament conference in Stockholm. EEC Consumer Protection and Industry Ministers meeting in Brussels. Mr John Harvey-Jones, chairman of ICI, addresses American Chamber of Commerce lunch at Savoy Hotel. Second reading of the Rates Bill in the Commons.

WEDNESDAY: The plans of the French presidency to be presented to the European Parliament. Public sector borrowing requirement (December). Indices of average earnings (November). Indices of basic rates of wage (December). Mr George Shultz, U.S. Secretary of State, to meet Soviet Foreign Minister, Mr Andrei Gromyko, in Stockholm. The Henley Centre for Forecasting hold conference on "Consumer markets: forecasts and opportunities" at Dorchester Hotel, W1.

THURSDAY: Cyclical indicators for the UK economy (December). Preliminary estimate of consumers' expenditure (fourth quarter). London sterling certificates of deposit (December). UK banks' assets and liabilities and the money stock (mid-December). Industrial and commercial companies capital account and net borrowing requirement (third quarter). Institute of Directors publish budget submission.

FRIDAY: Tax and price index (December). Retail prices index (December). Institutional investment during third quarter. Mr Nigel Lawson, Chancellor of the Exchequer, to address Merseyside Chamber of Commerce annual dinner. Pithead ballot to elect new National Union of Mineworkers' general secretary.

LADBROKE INDEX
798-803 (+2)
Based on FT Index
Tel: 01-493 5261

APPOINTMENTS

Midland Bank regional directors

Mr Charles O'Brien has been appointed regional director of MIDLAND BANK'S West Midlands region. Previously he was a corporate finance director. He succeeds Mr J. J. Higgs who has been appointed a regional director, Wales.

*

EVE CONSTRUCTION has appointed Mr Roger G. Ames as chairman. He succeeds his father, Mr W. F. Ames, who was joint founder in 1930 and chairman from 1954 until his death on January 8.

*

Mr Desmond Porter, who was due to retire in September next year, has brought forward his retirement and has resigned as chairman and a director of F. H. TOMKINS. Mr Michael Moore has been appointed chairman and Mr Geoffrey Hutchings chief executive. Mr Moore was deputy chairman and Mr Hutchings director in charge of corporate development.

*

PRUDENTIAL BACHE SECURITIES has appointed Mr Leighton Davies to its international corporate finance department as a senior advisor in the areas of communications and hi-technology. He will be based in London. He was deputy managing director Racal Electronics and will continue to act as a consultant to Racal.

*

Mr Stuart Henderson, a director of SGB Group, has been appointed a non-executive director of CCL GROUP.

*

Mr Jonathan Fox has joined NORSK HYDRO FERTILISERS as director of personnel and corporate affairs. He was general manager of the carton division of the Bowater Corporation.

*

Mr L. L. Muons, secretary and member of the committee of management of the LIVERPOOL VICTORIA FRIENDLY SOCIETY, retires on January 27 and will be succeeded by Mr J. F. Lambeth, actuary.

*

STROUD RILEY DRUMMOND has made the following appointments in the worsted fabric division, which incorporates James Drummond and Sons, J. Haywood and Sons and Longbottoms (Sowerby Bridge). Dr Ian McMeeking becomes managing director Longbottoms (Sowerby Bridge), and a director of the division. Mr Norman Sykes has been appointed a director of Marsh Mills Finishing Co.

*

Mr James Henry Llewelyn Norton has been appointed a director of ANGLO-AMERICAN SECURITIES CORP.

*

Mr A. E. Parritt, chairman of Foxboro GB, has become president of the INSTITUTE OF MEASUREMENT AND CONTROL in succession to Mr T. F. Finnegan, managing director of Sira.

*

VENT-AXIA has appointed Mr Grahame West (recently returned from the U.S. where he ran Vent-Axia Inc) as home sales director. Mr Peter Barrett, formerly director of both home sales and marketing, becomes marketing director.

*

MORGAN LOVELL has appointed Mr K. J. Seal as contracts director, and Mr C. J. Morley as contracts manager. Mr Seal was previously contracts director at V. A. T. Watkins and Mr Morley contracts manager at C. P. Roberts and Co.

*

At L & M following the death of chairman and managing director Mr Alec Taylor, Mr Peter John Cope becomes chairman, and Mr Graham Jeakinson has been appointed acting managing director.

*

Mr Frank Nugent has been appointed deputy managing director of DOWTY MECO. He was executive director — materials control in 1979.

*

Mr Derek G. Hull has been appointed chief executive and group managing director of KUEHNE AND NAGEL (UK). He was managing director of Mitchell Cotts International Freight. He is the first Briton to be appointed to such a key role for Kuehne and Nagel in the UK. The company is a subsidiary of Kuehne and Nagel International AG, Pfaeffikon, Switzerland, which ranks among the three largest international freight forwarding companies in the world, with about £1bn turnover. It is jointly owned by the Kuehne family and Lonrho.

Mr Derek G. Hull, chief executive, Kuehne and Nagel (UK)

*

ICI FIBRES has promoted Mr R. Hugh Corran to the new post of merchandising and marketing services manager and Dr S. J. D. Hay (currently sales and marketing manager—domestic textiles and special products) to product development manager. Mr Corran is to move to ICI Italia in Milan.

*

To pursue private and other interests, Mr Derek C. Bourdon is to relinquish his position as an executive director and general manager (UK) of THE PRUDENTIAL ASSURANCE COMPANY on June 30.

*

Mr R. G. Turner has been appointed vice-president of operations and production of SANTA FE MINERALS (UK) INC.

*

Mr Peter Monaghan, a senior manager of J. Sainsbury, joins COOPERS & LYBRAND ASSOCIATES on January 16 as an associate director.

*

GRAESSER LABORATORIES has appointed Mr Bryan W. Davies, formerly of Sterling Organics, as marketing and sales director designate to succeed Mr David W. Bennion when he retires in March.

*

Mr P. R. Dugdale has retired as chairman and Mr R. E. Holland, formerly deputy chairman, has been elected chairman of AVIATION AND GENERAL INSURANCE CO.

*

Mr Godfrey R. Turner has been appointed a non-executive director of SUTER. He was joint general manager of Lloyds Bank for over seven years until his retirement last year.

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*595)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold (*524)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds (*154)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union (*194)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
G.E.C. (*195)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met. (*335)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I.C.I. (*650)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secur. (*276)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp. (*234)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans. (*691)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
LASMO (*275)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho (*118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P. & O. (*246)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal (*207)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.T.Z. (*654)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Reefs (*$102)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays (*522)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gp. (*148)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option	Calls Mar.	Calls June	Calls Sep.	Puts Mar.	Puts June	Puts Sep.
Beecham (*335)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots (*161)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
De Beers (*$825)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guest Keen (*181)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson (*270)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco (*178)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Jan. 13. Total Contracts 4,855. Calls 3,967. Puts 888. * Underlying security price.

Granville & Co. Limited

Member of NASDIM

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

Over-the-Counter Market

1983-84 High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	125	—	6.4	5.1	7.3	9.5
158	117	Ass. Brit. Ind. CULS	137	—	10.0	7.3	—	—
78	62	Airsprung Group	77	—	6.1	7.9	22.0	22.0
38	21	Armitage & Rhodes	28	—	—	—	—	—
285	14½	Bardon Hill	285	+ 5	7.2	2.5	11.6	23.7
54	53	Bray Technologies	54	—	2.7	5.0	9.7	10.6
200	198	CCL Ordinary	198	—	5.0	2.5	4.5	6.3
151	121	CCL 11pc Conv. Pref.	147	—	15.7	10.7	—	—
192	100	Carborundum Abrasives	192	+ 2	5.7	3.0	—	—
249	100	Cindico Group	100	—	17.6	17.6	—	—
63	45	Deborah Services	51	—	6.0	11.8	27.3	44.3
188	75	Frank Horsell	188	—	—	—	7.9	12.0
176	75½	Frank Horsell Pr Ord 87	175	—	8.7	4.9	7.4	12.1
69	39	Frederick Parker	39	—	7.1	18.2	2.4	3.9
39	32	George Blair	33	—	—	—	—	—
80	50	Ind. Precision Castings	50	—	7.3	14.6	13.9	17.2
232	134	Isis Conv. Pref.	232	+ 2	17.1	7.4	—	—
121	61	Jackson Group	121	—	4.5	3.7	6.3	12.4
237	169	James Burrough	235	—	11.4	4.9	13.0	12.4
330	275	Minihouse Holding NV	330	+ 5	4.0	1.2	24.9	24.8
175	117	Robert Jenkins	117	—	20.0	17.1	13.6	9.1
74	60	Scruttons "A"	60	—	5.7	9.5	10.0	7.2
120	74	Torday & Carlisle	74	—	2.9	3.9	—	—
440	385	Trevian Holdings	438	—	—	—	8.9	8.1
26	17	Unilock Holdings	17	—	1.0	5.8	11.1	16.2
90	65	Walter Alexander	87	− 1	6.8	7.8	7.6	10.1
276	240	W. S. Yeates	240	—	17.1	7.1	3.7	7.7

The Fleming Claverhouse Investment Trust plc

Financial Statement for Year to 31st December (Unaudited).

	1983	1982
Revenue before tax	£1,094,431	£999,045
Earned per share	7.59p	6.97p
Interim dividend per share	2.25p	2.25p
Final dividend per share	5.25p	4.70p
Net Asset Value per share	256p	200p
Valuation of investments	£25.3m	£20.2m

Manager
Robert Fleming Investment Management Limited

Early rise reversed on Wall St

MODERATELY LOWER levels developed on Wall Street yesterday, when the market suffered a sharp reversal of sentiment in only two hours of trading.

The Dow Jones Industrial Average, which climbed nearly seven points earlier, was down 6.70 at 1,272.61 by 1 pm, for a loss of 14.03 on the week. The NYSE All Common Index, at $96.79, shed 26 cents on the day and 92 cents on the week. Volume expanded 5.38m shares to 76.8m, compared with 1 pm Thursday.

Analysts said the market rose in the morning because the rise in U.S. Retail Sales for December was not as large as had been anticipated.

While investors reasoned that the 0.1 per cent Retail sales increase in December provided more evidence of a slowing in the growth of the economy, which would lessen concerns about a rise in interest rates and inflation.

The early Stock Market's rise opened up an opportunity for profit takers, who have been nervous since last week's sharp improvement in stock prices.

IBM were down $2 at $119⅜, after $119⅝. An analyst with Oppenheimer said a sharp drop in the price of IBM stock seemed to weaken the overall market. But IBM could not account for the fall.

Helmerich and Payne, which rose sharply Thursday, came back $1⅜ to $24.

Comdisco further declined $1⅛ to $14⅛ after projecting lower fiscal first quarter profits.

THE AMERICAN SE Market Value Index lost 0.55 to 26.87, making a loss of 0.86 on the week. Trading volume decreased 759,000 shares to 4.35m, compared with 1 pm Thursday.

Canada

Mixed at midsession, with the Toronto Composite Index off 3.8 at 2,573.3.

The Metals and Minerals Index shed 5.3 to 2,519.1 and Banks 1.47 to 494.17. But Golds put on 37.9 to 3,947.6 and Oil and Gas stiffened 1.5 to 3,375.3.

Closing prices for North America were not available for this edition.

Tokyo

Share prices surged ahead, pushing the market averages to a record high of 10150.9, up 46.81, in hectic trading of 680m (572.4m) shares.

Institutions and Corporate investors with ample funds placed large-lot buying orders.

Active buying spread over most sections in anticipation of a further rise next week. The only shares which lost ground were International "populars," which fell on large-scale profit-taking, mainly by Foreign investors.

Private Railways rose after the Transport Ministry said it will approve a 13.5 per cent rise in their fares, effective from January 25.

Seamless Pipe Makers and other Steel firms rose because of a recovery of U.S. steel pipe demand.

Shipyards were bought because of a rise in Foreign inquiries about large tankers in recent months.

Foreign investors were net buyers by a small margin after tending to hold back in the past few days, dealers said.

Ajinomoto, the only Japanese maker of Aspartame sweetener, fell Y40 to 1,100 in line with the fall of G. D. Searle and Coca-Cola on Wall Street because of rumours that CBS news is preparing a negative programme on Aspartame.

International "populars" ended lower.

The Tokyo market will be closed today, the second Saturday of the month, and on Monday to substitute for the National Holiday on Sunday, January 15.

Germany

Mixed, with most Blue Chips easing through the session as investors concentrated on the more speculative stocks.

The Commerzbank Index of 60 leading shares fell 6.2 to 1,043.8. Foreign investors remained on the sidelines on lingering fears that the Bundesbank will raise interest rates next week to combat the strength of the dollar. Though few are truly convinced a rise will come, caution regarding new commitment of funds prevails.

But hopes the economic recovery will bring a turnaround for weaker companies helped "second" and "third" tier shares.

Motors were lower. But Chemicals, with exports opportunities looking strong with the dollar, were higher.

AEG, moving smoothly through insolvency proceedings, reached the highest level in four years, closing at DM 92, up DM 4.1.

Volume and prices in Steels fell off late in the session.

VEBA eased DM 0.7 to 169.3 after trading on the final day before the Government's sale to the public of a 13.75 per cent stake.

Hong Kong

Mixed as investors assessed the impact of HK Land's sale of Jardine Matheson stock and the expected oversubscription for new shares in HK-TVB, brokers said.

Prices opened lower following news HK Land placed 72m Jardine shares at a discount but later firmed ahead of an expected announcement of subscriptions for the HK-TVB share offering.

Jardine closed at HK$12.90, against a low of HK$12.60 and Thursday's HK$13.70 finish, while HK Land gained 5 cents to HK$3.25.

Brokers cited profit-taking in other stock, but bargain-hunting emerged at the lower levels.

The Hang Seng Index closed 3.11 off at 975.47, after dropping 16.30 by mid-morning.

Analysts polled by Reuters expect the HK-TVB issue, of 105m 50 cent shares at $HK2.65, to be about 20-times oversubscribed. Enthusiasm for the issue is seen as a positive factor for Hong Kong equities.

Singapore

Increased profit-taking in the late afternoon caused share prices to fall over a broad front after fluctuating narrowly earlier.

Trading was active and mainly centred on "second" and "third" liners with Blue Chips mostly holding steady.

Supreme Corporation remained the most active stock with 4.54m shares traded and closed 18 cents higher at S$2.24. Sime Darby followed with 1.19m units and gained 7 cents to S$2.87.

Paris

Stock prices surged across the board in another very active session.

The volume was so heavy that some closing prices were delayed by more than 30 minutes. Advances led declines by 107-to-42.

Market observers attributed the buoyancy to the improvement in French companies' operating results in the second half of 1983 compared with the first half, reported in a survey by the Statistics Institute, which encouraged sentiment. While operators were reinvesting liquidity derived from coupon payments. Some traders estimated that between Frs 12-14bn in fresh capital from this source has poured into the market since the beginning of the year.

Buying focused on Portfolios, Engineering and Electricals. Selective profit-taking was seen among Banks and Foods.

Switzerland

Domestic share prices higher in heavy trading as markets continued to recover from their downturn earlier this week.

"Secondary" issues were sought on favourable prospects for the domestic economy. Recently neglected Blue Chips mostly closed slightly above previous levels on renewed demand.

Lively traded Industrials, Financials and Banks were mostly higher. But Insurances eased against the trend on little turnover.

Landis Und Gyr finished up SwFr 10 at 1,590—it will pay an unchanged dividend on 1982-83 earnings.

Among Industrials, the high-tech issue Autophon added SwFr 175 to 4,000.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
AT&T New	3,170,200	16¾	−⅛	Gulf Oil	1,367,900	48⅝	+1
Comdisco	1,920,400	15⅛	−5⅝	Baxter Trav.	1,341,200	22⅝	−¼
Coca-Cola	1,700,200	51¼	−2⅛	Dayton Hudson	1,086,400	31¼	+1
AT&T Old	1,586,000	65¼	+⅛	Nat. Semicond.	922,600	18¼	+¼
Texaco	1,333,500	38	—	IBM	909,600	121¼	−1

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases

The dollar fell sharply in currency markets yesterday following the release of disappointing U.S. economic indicators. News that U.S. retail sales had risen only 0.1 per cent in December against a market estimate of anything up to 2 per cent prompted sizeable profit taking. Slower than expected economic growth was also underlined by a 0.5 per cent increase in industrial production against expectations nearer 0.75 per cent.

The apparent slowdown was further reinforced by a revised November retail sales figure showing an increase of 1.1 per cent, sharply down from the original estimate of 1.9 per cent.

The dollar closed at DM 2.8125 against the D-mark down from DM 2.8375 and SwFr 2.2300 from SwFr 2.2475. Against the yen it fell to Y233.60 from Y234.80 and FFr 8.6050 compared with FFr 8.6840. On Bank of England figures the dollar's index fell from 132.5 to 131.6.

Sterling benefited from the dollar's weaker trend. Its trade-weighted index rose to 82.1 from 81.8, having stood at 81.9 at noon and 81.8 in the morning. Against the dollar it opened at $1.3990 and touched a best level of $1.4125 before finishing at $1.4075-1.4085, a rise of one cent from Thursday's close in London. It was a little weaker against European currencies but finished above the day's lows. Against the D-mark it closed at DM 3.9625 from DM 3.97 and SwFr 3.1425 compared with SwFr 3.1450. It eased slightly against the French franc to FFr 12.1150 from FFr 12.1350 but was a little firmer against the Japanese yen at Y329 from Y328¼.

£ in New York (latest)

	Jan. 13	Previous
Spot	$1.4125-4145	$1.4010-4020
1 month	0.06-0.06 dis	0.04-0.06 dis
3 months	0.19-0.16 dis	0.15-0.13 dis
12 months	0.65-0.75 dis	0.75-0.80 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Jan 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3980-1.4125	1.4075-1.4085	0.02-0.07c dis	−0.38	0.12-0.17dis	−0.41
Canada	1.7460-1.7620	1.7560-1.7570	0.05-0.15c dis	−0.68	0.13-0.23dis	−0.41
Nethlnd.	4.43¾-4.46¼	4.45-4.46	1½-1c dis	−3.31	3½-3¼ dis	−3.20
Belgium	80.60-81.10	80.70-80.80	2-12c dis	−1.04	25-35c dis	−1.49
Denmark	14.31-14.38	14.32-14.33	1⅞-2¾ore dis	−1.94	5½-6½ dis	−1.73
Ireland	1.2740-1.2860	1.2760-1.2770	0.22-0.18p pm	1.88	0.57-0.49 pm	1.88
W. Ger.	3.95-3.98	3.95¾-3.96¼	1¼-pf pm	3.40	3½-3 pm	3.15
Portugal	191.00-193.00	191.50-192.00	130-305c dis	−13.61	440-980dis	−14.8
Spain	225.75-227.25	226.50-226.75	135-170c dis	−8.07	490-555 dis	−9.22
Italy	2398-2409	2400-2402	14½-16¼lire dis	−7.62	44-47	−7.58
Norway	11.09-11.16	11.11½-11.12½	3-3¼ore dis	−3.58	9¼-8⅞ dis	−3.24
France	12.09-12.18	12.11-12.12	2¾-3¼c dis	−3.71	11½-12½cdis	−3.96
Sweden	11.50-11.56½	11.53½-11.54½	1½-2ore dis	−1.82	5-5¼ dis	−1.85
Japan	327½-330	328½-329½	0.90-0.83y pm	3.16	2.60-2.45 pm	3.07
Austria	27.87-28.03	27.90-27.95	8½-7¼gro pm	3.38	24-20½ pm	3.19
Switz.	3.12½-3.15½	3.13¾-3.14¾	1¾-1½c pm	6.20	4½-4 pm	5.41

Belgian rate is for convertible francs. Financial franc 82.55-82.65. Six-month forward dollar 0.28-0.33c dis. 12-month 0.72-0.82c dis.

THE DOLLAR SPOT AND FORWARD

Jan 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3980-1.4125	1.4075-1.4085	0.02-0.07c dis	−0.38	0.12-0.17dis	−0.41
Ireland†	1.0940-1.1065	1.1045-1.1065	0.25-0.16c pm	2.23	0.61-0.49 pm	1.99
Canada	1.2470-1.2500	1.2470-1.2475	0.01 pm-0.01c dis	—	0.035-0.15pm	0.08
Nethlnd.	3.1550-3.1835	3.1810-3.1630	1.05-0.95c pm	3.79	3.00-2.85 pm	3.70
Belgium	57.33-57.80	57.33-57.35	2.00-3.00c dis	−0.52	13-16 dis	−1.01
Denmark	10.16½-10.25½	10.16¾-10.17¼	1.20-1.50ore dis	−1.59	3.10-3.40dis	−1.28
W. Ger.	2.8060-2.8270	2.8120-2.8130	0.94-0.90pf pm	3.88	2.61-2.56 pm	3.67
Portugal	135.50-137.00	136-136½	90-310c dis	−13.21	300-680dis	−14.39
Spain	160.60-161.75	160.65-160.85	95-110c dis	−7.63	330-380 dis	−8.81
Italy	1701-1716½	1705-1706	10-11lire dis	−7.57	30-31 dis	−7.16
Norway	7.8850-7.9375	7.9125-7.9175	2.10-2.40ore dis	−3.42	5.90-6.10dis	−3.01
France	8.6050-8.6725	8.6025-8.6075	2.00-2.20c dis	−2.93	7.50-8.00dis	−3.60
Sweden	8.1800-8.2200	8.1925-8.1975	0.90-1.05ore dis	−1.42	2.70-2.85dis	−1.35
Japan	232.65-234.80	233.55-233.65	0.72-0.68y pm	3.60	2.05-1.99 pm	3.47
Austria	19.80-19.87½	19.81-19.82	7.00-6.00gro pm	3.93	20-17 pm	3.73
Switz.	2.2200-2.2480	2.2295-2.2305	1.20-1.05c pm	6.73	3.47-3.38 pm	6.18

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.65-58.70.

OTHER CURRENCIES

Jan. 13	£	$		£ Note Rates
Argentina Peso	34.09-34.15	24.531-24.551	Austria	27.85-28.15
Australia Dollar	1.5490-1.5525	1.1020-1.1025	Belgium	81.90-82.70
Brazil Cruzeiro	1,389.27-1,407.19	993.098	Denmark	14.31-14.44
Finland Markka	8.3576-8.3745	5.9430-5.9480	France	12.09-12.21
Greek Drachma	145.80-144.40	103-103	Germany	3.95⅛-3.99⅛
Hong Kong Dollar	10.87¾-10.89	7.7920-7.7950	Italy	2405-2465
Iran Rial	124.15*	88.05*	Japan	327-332
Kuwait Dinar(KD)	0.4140-0.4150	0.29425-0.29445	Netherlands	4.44-4.48
Luxembourg Fr.	80.70-80.80	57.33-57.35	Norway	11.08-11.19
Malaysia Dollar	3.2350-3.3060	2.3385-2.3400	Portugal	190-206
New Zealand Dlr.	2.1530-2.1700	1.5375-1.5400	Spain	224½-228½
Saudi Arab. Riyal	4.9350-4.9450	3.5110-3.5115	Sweden	11.50-11.61
Singapore Dollar	2.9975-3.0000	2.1275-2.1290	Switzerland	3.16¼-3.16¼
Sth African Rand	1.7640-1.7685	1.2540-1.2560	United States	1.40-1.41
U.A.E. Dirham	5.1865-5.1735	3.6720-3.6730	Yugoslavia	200-217

* Selling rates.

EXCHANGE CROSS RATES

Jan. 13	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.408	3.963	329.0	12.115	3.143	4.455	2401.	1.757	80.75
U.S. Dollar	0.710	1.	2.813	233.6	8.603	2.230	3.163	1705.	1.247	57.34
Deutschemark	0.252	0.355	1.	83.03	3.057	0.793	1.124	605.9	0.443	20.38
Japanese Yen 1,000	3.040	4.280	12.04	1000.	36.83	9.553	13.54	7298.	5.340	245.4
French Franc 10	0.825	1.162	3.271	271.6	10.	2.594	3.677	1982.	1.450	66.65
Swiss Franc	0.318	0.448	1.261	104.7	3.856	1.	1.419	764.0	0.559	25.70
Dutch Guilder	0.224	0.316	0.889	73.85	2.718	0.705	1.	538.9	0.394	18.13
Italian Lira 1,000	0.416	0.586	1.650	137.0	5.046	1.309	1.855	1000.	0.732	33.63
Canadian Dollar	0.569	0.802	2.256	187.3	6.897	1.799	2.536	1367.	1.	45.07
Belgian Franc 100	1.238	1.744	4.907	407.4	15.00	3.892	5.517	2973.	2.175	100.

MONEY MARKETS

Further shortage

Day to day credit was in short supply in the London money market yesterday. The Bank of England forecast a shortage of around £50m. Factors affecting the market included maturing assistance and a take-up of Treasury bills together draining £141m and a rise in the note circulation of £167m. In addition banks brought forward balances £40m below target. These were partly offset by Exchequer transactions adding £280m to the system.

The forecast was revised in the morning to a shortage of around £100m and the Bank gave early assistance of £84m. This comprised purchases of £15m of eligible bank bills in band 2 (15-33 days) at 9 per cent and £23m in band 3 at 8 15/16 per cent. In band 4 (64-91 days) it bought £46m of eligible bank bills at 8⅞ per cent. The shortage was further revised to £150m before taking into account the morning's operations but the Bank gave no further assistance in the afternoon.

Interest rates were a little easier overall. Three-month eligible bank bills were bid at 8 13/16 per cent down from 8 15/16 per cent, although three-month interbank money was quoted at 9 7/16-9¼ per cent, compared with 9 5/16-9 11/16 per cent. The softer trend reflected sterling's better performance against the dollar and a small reduction in Euro-dollar rates.

Friday's economic statistics were less encouraging than had been previously expected and both the dollar and U.S. rates were marked down accordingly. Weekend Interbank money in London opened at 8⅞-9 per cent and eased on the forecast of a small shortage to 8⅜-8½ per cent. After touching 7 per cent rates came back to 8 per cent but dipped later to 6 per cent before finishing at 10 per cent as the Bank of England increased the shortage forecast but failed to provide additional liquidity.

UK clearing banks' base lending rate 9 per cent (since October 4 and 5)

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Jan. 13 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	6-10	9¼	9-9	6-10	—	—	—	—	—
2 days notice	—	—	8⅞-9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	9-9¼	9	6¾-9⅜	6⅛	—	—	—	—	—
One month	9⅞-9¼	9¼-9⅜	9¼	9½	9-9⅛	0	9⅞	9	9	9
Two months	9½-9⅜	9⅜-9⅞	9⅞	9¼	9-9⅛	8½	9	8	8	9
Three months	9⅞-9⅜	9⅜-9⅞	9⅜	9½	9-9⅛	8⅞	8⅞-8⅞	9	9	8
Six months	9⅞-9⅞	9⅞-9⅞	9⅜	—	—	—	—	9½	9	9⅜
Nine months	9⅞-9⅞	9⅞-10	9⅜	—	—	—	—	—	—	—
One year	9⅞-9⅞	10-10⅛	9⅜	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Certs of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅞-9⅝	—	9¼	9.5-9.8	8⅝-9	9-9⅝
Two months	9⅞-9⅝	—	9⅝	9.55-9.65	6¾-9⅛	9⅛-9½
Three months	9⅞-9⅝	—	9½	9.65-9.75	8⅞-9⅛	9¼-9⅝
Six months	9½-9	—	9¾	9.85-9.95	9⅛-9½	9⅝-10
Nine months	10-10½	—	9⅞	9.95-10.15	—	—
One year	10-10¼	—	10	10.10-10.30	9¼-9½	9⅞-10⅛
Two years	—	10½	—	—	—	—
Three years	—	10⅝	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11⅛	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period December 7 1983 to January 3 1984 (inclusive) 9.492 per cent. Local authorities and finance houses seven days' notice others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): 9½ per cent from January 1 1984. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills Average tender rate of discount 9.8023 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month: 9½ per cent; one-three months 9¾ per cent; three-six months 10 per cent; six-12 months 10¼ per cent. Under £100,000 9½ per cent from January 12. Deposits held under Series 4-5 10¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING
11.00 a.m. January 13

3 months U.S. dollars

bid 9 7/8 offer 10

6 months U.S. dollars

bid 10 1/16 offer 10 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	9⅜-9	9⅝-9⅞	9½-10	5⅞-6	1⅛-1¾	6⅝-5⅞	18-12½	15½-18½	10-10½	10-10½	[illegible]	11-11½
7 day's notice	9-9⅛	9⅝-9⅝	9½-10	5⅞-6	1¼-2	5⅝-5⅞	19½-12½	16½-17	10-10½	10-10½	[illegible]	[illegible]
Month	9¼-9⅜	9⅛-9½	9½-9⅜	5⅞-6	3⅛-3⅝	5⅞-5⅞	13½-12¾	16½-17½	10½-11½	10½-11½	[illegible]	[illegible]
Three months	9½-9⅝	9⅛-9⅞	9⅝-9⅞	6⅛-6⅛	3⅝-3⅞	6⅛-6⅛	13½-13¾	16½-17½	11-11½	11-11½	[illegible]	[illegible]
Six months	9⅝-9¾	9⅞-10⅛	9⅞-10⅛	6⅛-6⅝	4-4½	6⅝-6⅝	13½-14½	17-17½	11-11½	11-11½	[illegible]	[illegible]
One Year	9⅞-10⅛	10¼-10⅝	10¼-10⅝	6⅛-6⅝	4-4½	6⅝-6⅝	14½-14¾	18-18½	11⅛-11½	11⅛-11½	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term 9½-9⅝ per cent; seven days 9 9/16-9¾ per cent; one month 9¾-9⅞ per cent; three months 9 15/16-9⅞ per cent; six months 10 5/16-10 9/16 per cent; one year 10⅝-10⅞ per cent. Long-term Eurodollars two years 11⅛-11⅜ per cent; three years 11½-11⅝ per cent; four years 11⅝-12 per cent; five years 12⅛-12⅜ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

REVIEW OF THE WEEK

Further heavy fall in cocoa prices

BY OUR COMMODITIES STAFF

COCOA FUTURES sustained another heavy fall yesterday as traders continued to revise earlier projections of a substantial world crop deficit this year. The May position on the London market closed at £1,824 a tonne, down £86.50 on the day and £110.00 on the week, after slipping to £1,800 a tonne at one point.

For some months the market has been dominated by concern about West African crop prospects following drought and bush fires there early last year. But latest indications are that the size and quality of the crop in the Ivory Coast may not be as bad as had been feared.

Traders took little notice of cocoa bean grinding figures published yesterday by the three leading consuming countries as they were broadly in line with expectations. UK grindings for the final quarter of 1983 were down 3.48 per cent compared with the same 1982 period; U.S. grindings were 5 per cent up; and West Germany's 7.4 per cent up.

Concern about the tightness of nearby supplies continued to push coffee futures prices higher and the March position ended £56.50 up on the week at £2,035.50 a tonne, the highest level since July 1979.

An unexpectedly high export allotment at Wednesday's Brussels tender helped to push May sugar futures to an 8-month low but the market quickly recovered and the May position ended the week £4.10 higher at £150.375 a tonne.

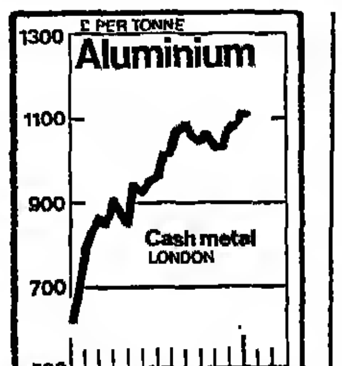
Potato futures also staged a substantial rally following the recent sharp decline. The April position ended £35.30 up at £192.00 a tonne reflecting growing awareness of quality and quantity problems likely to become apparent when this position falls due for delivery.

Zinc was again the star performer on the London Metal Exchange, with prices reaching the highest level for 9½ years on Thursday. Cash zinc eased by £4.5 yesterday, on profit-taking sales, to £678.5 a tonne, but was still £13 up on a week ago. The three months quotation was £9 higher on the week at £679.5.

The closing of the gap between the cash and three months prices reflects a large shipments out of the LME warehouse stocks. At the same time the market was boosted by the rise in U.S. zinc producer prices, which is expected to trigger a further increase in the European zinc producer quotation.

In contrast copper prices came under renewed pressure following reduction in U.S. producer domestic quotations and on easier trend on the New York copper market (Comex).

The cash price of higher grade copper ended the week £46.75 down at £973.25 a tonne. This was considered to be a very disappointing performance bearing in mind the decline in the value of sterling.



BASE METALS

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £975, three months £998, 99, 99.50. Kerb: Higher Grade: Three months £1,000, 01, 02, 02.50, 03. Afternoon: Higher Grade: Cash £962, three months £1,002, 01.50, 02, 02.50, 02, 03, 01. Three months £676, 77, 76.50, 76. Turnover: 11,300 tonnes.

ALUMINIUM

COPPER

TIN

LEAD

ZINC

NICKEL

SILVER

COFFEE

COFFEE	Yest'day's Close	+ or −	Business Done
January	2043-47	+88.5	2047-25
March	2035-36	+29.0	2040-09
May	1935-36	+04.5	1936-16

GRAINS

POTATOES

RUBBER

SOYABEAN MEAL

SUGAR

INDICES

AMERICAN MARKETS

NEW YORK, January 13

Heating oil rallied on talk of tightness in the February option as a result of recent unexpected product withdrawals, reports Heinold Commodities. Coffee prices recovered on indications that port workers' talks broke down, buying in the market has been confined mostly to short-covering by dealers and local traders. Copper came under pressure late in the session as the market shook off active arbitrage buying and concentrated on the news of economic slowdown instead. Aluminium was under light pressure for reasons virtually identical to copper. Sugar prices came under heavy selling pressure on trade rumours that the Soviet Union would enter the market for physicals. Cocoa prices were moderately lower on reports of a lower than expected grind in the U.S. and UK which triggered commission house selling and trade selling. Cotton was relatively quiet but the defensive most of the ... arbitrage buying was not sufficient to hold up values which then eased moderately into the close. The grain and soyabean markets finished either mixed or slightly lower — trade was moderate as positions were evened-up ahead of the final crop production report. Precious metals were unchanged to slightly higher after a strong opening; late profit-taking and some speculative selling in anticipation of a weaker economy helped erode all or most of the gains.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
March	78.10	78.70	79.00	78.25
May	78.55	78.20	78.50	78.70
July	79.40	79.70	79.70	79.55
Sept	80.25	—	—	80.40
Dec	81.60	—	—	81.75
Jan	82.05	—	—	82.20
March	82.95	—	—	83.05
May	83.85	—	—	83.90
July	74.75	—	—	84.75

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	820.5	824.0	820.0	803.5
Feb	824.0	826.0	826.0	812.0
March	831.0	838.0	820.0	819.0
May	845.0	855.0	834.0	833.1
July	859.2	867.0	850.0	847.1
Sept	873.7	875.0	869.0	862.5
Dec	895.7	902.0	889.0	884.3
Jan	903.3	807.0	900.0	891.8
March	918.7	930.0	822.0	907.0
May	934.7	—	—	922.7

CHICAGO

LONDON OIL

SPOT PRICES

	Latest	Change + or −
North Sea (Brent)	20.00-29.16	−0.18
African (Bonny L'ht)	29.10-29.60	—

PRODUCTS—North West Europe — CIF ($ per tonne)

Premium gasoline	261-270	+3.0
Gas oil	248-255	+0.5
Heavy fuel oil	175-178	—

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Jan	249.00	+1.25	249.25-247.2
Feb	248.75	+1.00	245.90-247.2
Mar	248.00	+6.25	246.00-245.7
April	241.25	+2.25	241.25-235.0
May	237.00	+1.75	231.00-234.0
June	236.00	+1.25	236.00-234.5
July	235.50	+0.50	235.50-234.5
Aug	239.50	+9.50	—
Sept	241.23	+1.75	—

GOLD MARKETS

Gold rose $1½ an ounce from Thursday's close in the London bullion market yesterday to finish at $371½-372. The metal opened at $370¾-371¼ and traded between a high of $374¾-375 and a low of $369¾-370¼. Renewed demand in the afternoon reflected a softer dollar trend as the market reacted to a disappointing set of U.S. economic statistics.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	$ per troy ounce		
Jan	372.80-73.00	+2.50	—
Feb	374.40-74.50	+3.20	376.10-71.50
April	370.70-80.55	+0.86	389.50-77.50
June	383.50-86.50	+0.75	—
Aug	308.50-95.80	+3.15	—
Oct	390.00-01.50	+3.50	—

Turnover: 434 (575) lots of 100 troy ounces.

	Jan. 13		Jan. 12	
Gold Bullion (fine ounce)				
Close	$371¼-372	(£263½-264)	$369¾-370½	(£264½-263)
Opening	$370¾-371¼	(£265-265½)	$371¼-372	(£265½-266)
Morning fixing	$370	(£264.097)	$371.25	(£265.084)
Afternoon fixing	$373.25	(£264.472)	$368.50	(£263.685)

Gold and Platinum Coins Jan. 13

Krugrnd	$380½-383	(£271½-271¾)	King Sov	$90½-92	(£64¼-65¼)
½ Krg	$192-198	(£139¾-140½)	Victoria Sov	$90½-92	(£64¼-65¼)
¼ Krg	$100¼-101¾	(£71¼-71¾)	French 20s	$75¼-75	(£52-53¼)
1/10 Krug	$40¾-41¾	(£29-29¾)	50 pesos Mex	$458-460	(£325-306½)
Mapleleaf	$382¾-382¾	(£271¼-271¾)	100 Cor. Aust	$362-366	(£257-059½)
New Sov	$87¼-87¾	(£62-62¼)	$20 Eagles	$525-535	(£372½-379¾)
½ New Sov	$52-54	(£37-38¼)	Noble (Plat)	$387¾-390	(£278¼-278¼)

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the five previous days is given with the relevant date.

‡ Bargains at special prices. ◊ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Greater London Council 6¼pc Stk 1990-1992 £81½ 2½
Aberdeen Corp 3pc 1965-85 £91⅛ ⅞
Barnet Corp 12¼pc 1987 £102¾ (6/1)
Birmingham Corp 2½pc 1926 (pc after) £20½ (11/1). 3pc (1902) 1932 (pc after) £23¾ (8/1)
Birmingham District Council 11½pc 2012 £193¼. 13½pc 1989 £111⅛ (11/1)
Camden (London Borough of) 12½pc 1985 £105 (6/1)
Grampian Regional Council 10¾pc 1985 £99½
Greenwich (London Borough of) 11¾pc 1986 £101⅛ ⅞ (11/1)
Hertfordshire County Council 5½pc 1982-1984 £98⅞
Islington Corp 12¾pc 1986-87 £103½. 14pc 1985-88 £105⅛
Kensington and Chelsea (Royal Borough) 11¾pc 1985-87 £101½ (10/1). 11.8pc 2009 £100⅞ ¼ ⅞ (11/1)
Leeds (City of) 13½pc 2006 £128¼
Liverpool (City of) 13pc 1985 £105
Liverpool Corp 3pc 1942 (or after) £25¾ (6/1)
Manchester (City of) 11.5pc 2007 £104½ (11/1)
Manchester Corp 3pc 1926 (or after) £25 (8/1)
Merton (London Borough of) 11¼pc 2017 £104 (9/1)
Oldham Corp 4pcDb £33 (11/1)
Paisley Corp 9¼pc 1982-84 £90¼
Reading Corp 3½pc 1978 (or after) £28½ (11/1)
St Helens (Met Borough of) 11¼pc 1985 £169½
Salford Corp 5½pc 1986-88 £81½ (11/1)
Sandwell (Met. Borough of) 13pc 1985 £102¾ (10/1)
South Tyneside (Met Borough of) 12¼pc 1986 £102⅝ (6/1)
Southend-on-Sea Borough Council 12pc 1987 £161¾ (11/1)
Southwark Corp 8¼pc 1983-86 £90½. 11¼pc 1984-85 £100⅝ (11/1). 12½pc 1987 £185¼ ¼
Stockport (Met Borough of) 12¼pc 1985 £101⅛

Barr Wallace Arnold 9E 0 (10/1)
Barrat Developments 6½pcLn 1902-97 £60¼ (11/1)
Barrow Hepburn 7.75pcPf (£1) 79½ (11/1)
Bath Portland 6¼pcDb 1955-98 £80 ¼ (11/1). 7½pcLn 1988-95 £68
Batleys Yorkshire Did (12½p) 74. 18pcPf (£1) 94 (19/1)
Beattie (James) 8¼pc1stMtgDb 1956-90 £84 (11/1)
Beecham 6½pcLn 1884-94 £84¼ (11/1)
Belgrave (Blackheath) 7pcPf (£1) 52 (9/1)
Benlox Hldgs 8pcCnvPf (£1) 122 (10/1)
Beral Inns 7¼pc1stMtgDb 1986-91 £78 (18/1)
Bibby (J.) 10¼pcDb 1994-99 £91½ (11/1)
Birmid Qualcast 7¾pcLn 1987-92 £79 1
Birmingham Mint 6pcNon-CumPf (£1) 42 (6/1)
Black Edgington (Hldgs) 99 2 5. 1pcCnv PrgPf (£1) 260 5 70 2½
Blackwood Hodge 6pcPf (£1) 28. 9pcCnv Ln 1985-90 £55
Blockleys 6pcPf (50p) 21 (6/1)
Blue Bird Confectionery 8pcPf (£1) 41 (6/1)
Blue Circle Inds 5¼pc2ndDb 1984-2009 £58¼ ½. 6pcDb 1888-93 £74¾ (9/1). 7pcDb 1988-93 £80¼ (19/1). 9pcDb 1992-97 £88¾ (11/1). 10¼pcDb 1994-1999 £97. 6¼pcLn (1975 pc aft) £50
Blundell-Permoglaze 7¼pcLn 1990-95 £68
Boardman (K.O.) Intl 5½pcPf (£1) 30
Booker McConnell 4.2pcPf (£1) 51½ (11/1)
Boot (Henry) Sons 4.2pcPf (£1) 47 (11/1)
Booth (John) Sons (Bolton) 72 (9/1)
Bootham Engineers (£1) 133 (10/1)
Boots 7¼pcLn 1988-93 £80¼
Bowater 5½pcPf (£1) 52 (19/1). 3¾pc 1stDb (1997) £59
Bowthorpe Hldgs 7pcLn 1980-95 £62½ 3½ (6/1)
Braime (T. F. & J. H.) Hldgs 62 (10/1)
Bridon 7pcPf (50p) 23 (11/1). 6¼pcLn 2002-07 £550. 7¾pcLn 2002-07 £62½ (11/1)
Bristol West Hotels 7¾pc1stDb 1987-92 £73 (19/1)

(Fmly 6pc) Red Pf 1983-88 £63. PermDb £31. 7½pcRedDb 1991-96 £72¼ (10/1)
Sunderland & South Shields Water 5.5pc (Fmly 5pc) Cons £40½. 3.5pc (Fmly 5pc) £40½ (6/1). 4.2pc (Fmly 6pc) RedPf 1986-88 £82 (6/1). 7½pcRedDb 1992-1994 £79 (19/1)
Tendring Hundred Waterworks 5.6pc (Fmly 8pc) Max Ord (£10) 575 (19/1). 5.6pc (Fmly 8pc) Max Pf (£10) 475 (19/1)
West Kent Water 3.5pc (Fmly 5pc) Cons £35¼ (11/1)
Wrexham & East Denb Water 4.9pc (Fmly 7pc) Cons £50 (10/1)
York Waterworks 3.5pc (Fmly 5pc) (Max Div) £37 (11/1)

UNLISTED SECURITIES MARKET

Biomechanics International (10p) 60 1 ½
Brewmaker (1p) 29 ½ 30 1
Ciro (10p) 110 (10/1)
City Site Estates 10pcPf (20p) 38 ½ (11/1)
Clyde Oil 8 84 ½ 5
Cobra Emerald Mines Shs of NPV 94 (11/1)
Eldridge, Pope A (Rest Vtg) (£1) 692 (10/1)
Flextech (10p) 134 5 ½
Gibbs Mew 225
Gilbert House In (10p) 22½ 5½ ¼
Gould (L.) 107 (9/1)
High-Point Services Gp (10p) 142 3 4 5
Intervision Video (Hldgs) 7pcPf (£1) 90 (11/1)
Johnson and Jorgensen Packaging New (10p) 64 5 ½
Kenyon Secs 185
London and Continental Advert Hldgs (10p) 38 40
MME Facilities (10p) 39 (10/1). New (10p) 38
Mebon New (10p) 95 6 8
Moray Firth Maltings (50p) 223 (9/1). New 220 3
New Court Natural Resources Wts sub Ord 80
Pericom New (10p) 157
Rivlin (I. D. and S.) Hldgs (5p) 56
Synterials (10p) 92. New (10p) 90 1 2 3 5
Television South 14¼20pcLn 1986-88 £115½
Thorpac Gp (5p) 53 (8/1)
Towngrade Secs (20p) 28 (10/1)
Tyne Tees Television Hldgs A (Non-V) (£1) 142
U10 Friendly Insurance 8 (Rest-V) (10p) 295
Welpac (10p) 17½ ½ 8½. New (10p) 17 ¼ ½ ¾ 8½ 8
Woodchester Invest (Ir£0.25) 170 1 (11/1)

RULE 163 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intnl 119
ADG Minerals 110 (6/1)
Acmex Hldgs 48 (8/1)
Acorn Securities 290 (6/1)
Agnico-Eagle Mines 905
Air Products and Chemicals £32¾ (11/1)
Alliance Oil Development 59 1
Amatil 230 (6/1)
Amerada Hess £20 (11/1)
American Home Products £35¾ (11/1)
American Standard £21 (11/1)
Ampol Exploration 255
Ampol 118
Amsterdam-Rotterdam 8k £15.850 (11/1)
Ashton Mining 850 5 (9/1)
Assd Manganese Mines of SA £35
Atlantic Richfield £28¼ (11/1)
Atlas Industries 61
Aust Consolidated Minerals 17½
Aust Foundation Inv 111 (11/1)

Insurances—continued

Offshore & Overseas—continued

Money Market Trust Funds

Money Market Bank Accounts

Intel maintains earnings growth in fourth quarter

BY WILLIAM HALL IN NEW YORK

INTEL, the fast-growing California-based semiconductor manufacturer, has continued its rapid profits growth with fourth quarter net income jumping from $8m to $47.1m, or from 9 to 40 cents a share.

For the full year net income has more than trebled, from $30m to $116.1m. Earnings per share for the 12 months totalled $1.05 against 32 cents.

Revenues in the latest quarter were 39 per cent up on last year, from $239.4m to $332.4m. For the full year they were 25 per cent ahead at $1.12bn, against $899.8m.

Intel's performance in its latest year marks a sharp contrast with 1982 when net income, after adjusting for tax benefits, was lower as a result of the depressed world economy and fierce international competition.

The group has benefited in the past year from the boom in the semiconductor industry and its close link with IBM, the world's major computer manufacturer, which has a 13.7 per cent stake in the company. Intel's computer chips are used in the fast-growing personal computer market.

Kerkorian drops MGM-UA bid

BY TERRY BYLAND IN NEW YORK

FURTHER reverberations of the current reshuffling of entertainment company stockholdings came this week when Mr Kirk Kerkorian, the Californian financier, withdrew his $452.2m offer for the outstanding stock of MGM-UA Entertainment, in which he already has a 50.1 per cent controlling stake.

MGM-UA stock slipped by ¾ to $13.87 after the news of the bid withdrawal.

A statement from the Kerkorian camp said the offer was being withdrawn because "the perceived value of movie companies" had been raised by Mr Rupert Murdoch's pursuit of Warner Communications and by a $500m cable television deal by Paramount Pictures.

Both developments indicate a higher value for film libraries held by the leading film makers, which are now highly attractive to cable TV operators.

Mr Kerkorian added that he would not have voted his controlling stake when MGM-UA stockholders made their decision. He has faced a battery of shareholders' lawsuits since disclosing his bid for the outstanding equity on December 19.

Mr Kerkorian's lawyers commented that Mr Kerkorian was unlikely to come back with another offer in the near future.

MCI Communications profits static

BY OUR NEW YORK STAFF

MCI, THE fast growing U.S. telecommunications group, has reported unchanged net income of $43.6m in its third quarter ended December 31, despite a 46 per cent rise in revenues from $295m to $430.1m.

Earnings per share eased from 22 cents to 19 cents, however, since more shares were in issue in the latest period.

MCI says that increased spending for lines leased from other long distance phone companies to help its customers complete their inter state calls had a negative impact on net income in the latest quarter.

Although MCI's revenues have been growing swiftly over the last 12 months, the company's net income has stagnated at just over $50m in the three quarters up to end September 1983.

The company has warned that its profits will be under temporary pressure as it prepares for next September when local phone companies are required to provide equal access to long distance operators.

For the first nine months MCI earned $138m or 63 cents a share, compared with $117.6m or 60 cents a share in the previous year. Revenues were running 30 per cent higher at $1.2bn.

Olivetti to raise $17m by worker share offer

By James Buxton in Rome

OLIVETTI, fresh from last month's sweeping agreement with American Telephone and Telegraph, has appointed Morgan Stanley, the U.S. investment bank, to lead the group of banks handling the forthcoming quotation of its shares on Wall Street.

The placement of a so far undisclosed number of Olivetti shares in the U.S. is expected to go ahead in the next few months. The terms of the offer have yet to be determined but the board of Olivetti decided on Thursday that they would be non-convertible savings shares.

The Board also decided to seek shareholder approval for a large offer of non-convertible savings shares to its own employees. Some 20m shares will be available to employees at a price of L1,500 ($906) a share, a generous discount considering that similar shares closed at nearly L3,300 each on the Milan Stock Exchange after the announcement was made.

The offer, which will raise L30bn ($17m) in fresh funds, is believed to be by far the biggest an Italian company has ever made to its own employees and is the first such offer by Olivetti.

It will be available to employees of more than five years standing, and the shares will not be able to be resold for at least three years.

● Benetton, the clothing maker which has successfully pioneered new systems for the manufacture and marketing of casual clothes and jeans, saw its sales rise 24 per cent last year to around L500bn ($290m) compared with L404bn in 1982.

Australian Guarantee in A$700m debenture issue

BY OUR FINANCIAL STAFF

AUSTRALIAN Guarantee Corporation (AGC), the largest finance company in the country which is 77 per cent owned by Westpac Banking Corporation, has announced the floating of A$700m (US$633m) worth of debentures and unsecured notes. This is the largest amount sought by an Australian finance company in a single issue.

According to AGC the funds raised by the issue will be used to meet lending requirements and to replace maturing liabilities. At its September year-end the company reported a 25 per cent increase in interest charges over the 1982-83 financial year, from A$405m to A$520m.

In its last fiscal year AGC was effected by the country's industrial recession through poor demand for funds, higher interest charges and a an increase in bad debts from A$20m to A$38.6m. For the year the company posted a modest 1.2 per cent increase in net earnings, to A$87.3m

The A$700m floatation is significant mainly because of its size rather than its timing — AGC makes a regular six monthly market tap. The terms being offered on the present float are 10.25 per cent on six months debentures ranging up to 12.5 per cent on four or five year debentures and from 10.5 per cent on one month call notes to 12.5 per cent for three-year notes.

U.S. insurance industry's loss reserves 'inadequate'

BY TERRY DODSWORTH IN NEW YORK

THE U.S. COMPOSITE insurance industry is failing to put aside sufficient funds into loss reserves, while its rate of provision for reserves is declining, according to Mr Daniel McNamara, president of the Insurance Services Office.

Based on an analysis of the 200 companies which write over 90 per cent of U.S. insurance business, the ISO has concluded that the industry's total loss reserves at the end of 1982 were inadequate by more than 10 per cent.

The results varied widely between different companies and lines of business, but ISO says that multi-peril loss reserves were deficient by more than 10 per cent, and general liability loss reserves by more than 20 per cent.

There was no strengthening of loss reserves in the first three quarters of 1983. According to the ISO they increased during that period at the rate of only 8 per cent, the lowest annual rate of increase in loss reserves for 20 years.

Landis and Gyr rights

BY JOHN WICKS IN ZURICH

LANDIS AND GYR, the Swiss electrical engineer, is to raise a maximum of SwFr 5.8m ($2.6m) by way of a rights issue, its 25th such share issue since 1957.

The company proposes a one-for-20 issue of shares and participation certificates. At the same time, the board will pay an unchanged 10 per cent dividend for 1982-83.

Royal Bank of Canada sees domestic gain

MONTREAL—Royal Bank of Canada expects earnings from domestic operations this year to exceed the C$373.7m reported in the year ended October 31 last, according to Mr Rowland Frazee, chairman.

Mr Frazee said he expects foreign earnings will be "weaker than domestic" and declined to say how overall earnings would compare with last year's C$480m (U.S.$348m).

Mr Allan Taylor, RBC's president, expects the bank to see some improvement in its loan loss experience from international operations, which totalled C$318m last year. He said the domestic loan loss experience is continuing last year's improvements.

In fiscal 1983, the bank's total loan loss experience was C$772m.

Mr Taylor said country risk loans "account for only a relatively small portion" of non-performing loans.
Reuter

Australians sell 50% stake in Asia TV

By Robert Cottrell in Hong Kong

AN AUSTRALIAN consortium led by David Syme, publishers of the Melbourne Age, and the CRA mining group, have sold their 50 per cent stake in Hong Kong's struggling Asia Television company (ATV).

The Australian stake has been purchased for an undisclosed sum by business associates of Mr Deacon Chiu —who owns the remaining 50 per cent of ATV.

Mr Chiu's family controls the publicly quoted Far East group of companies, although he holds his stake in ATV as a personal investment. A Chiu family member said that the Australian stake in ATV had been placed with three long-standing associates.

The Hong Kong Government has approved the sale of the consortium's stake. ATV is believed to be losing money and has suffered from both an unsuccessful managerial shake-up and internal disputes within the Chiu family in recent months.

Last week ATV's competitor in Hong Kong, the highly profitable TVB, which is run by the martial arts film supremo, Sir Run Run Shaw, passed effectively into Chinese hands as the holders of a 25 per cent minority stake offered their shares for sale in a HK$300m (US$38.5m) flotation.

● The Hong Kong Government is likely to approve plans by the end of February for the introduction of financial futures trading, according to Mr Robert Fell, Securities and Commodities Trading Commissioner, Reuters reports from Hong Kong.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

Lawson Fund Managers Ltd. (a) (c) (g)
43, Charlotte Sq, Edinburgh EH2. 031-225 6001

Midland Bank Group U.T. Mngrs. Ltd.
Courtwood House, Silver Street, Head. Sheffield, S1 3RD. Tel: 0742 79842

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fund	137.0	147.3	+4.0	3.3
Income Fund	98.5	105.9	+1.5	7.6

Prices on Jan 13. Next dealing day Jan 31.

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NY
Dealings to: 0708-66966 or 031-226 7351

Trades Union Unit Trust Managers
100, Wood Street, E.C.2. 01-628 8013

TUUT Jan 3	96.1	102.3	....	3.99

Transatlantic and Gen. Secs. (c) (y)
91-99, New London Rd., Chelmsford. 0245-51651

Colemco Jan 13	287.7	302.9	+4.0	4.33
(Accum. Units)	439.0	462.2	+6.0	4.33
Fielding Fd Jan 12	146.3	158.3	....	3.24
(Accum. Units)	152.3	169.0	....	3.24
Fielding Inc Jan 12	202.5	210.9	....	5.60

[illegible]

INSURANCES

[illegible]

MARKET REPORT

Equity market boom continues on institutional and U.S. support—index up 12.1 at record 808.1

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Dec 30	Jan 12	Jan 13	Jan 23
Jan 16	Jan 26	Jan 27	Feb 6
Jan 30	Feb 9	Feb 10	Feb 20

* "New-time" dealings may take place from 8.30 am two business days earlier.

A spectacular and widespread revival of London equity market confidence forced the FT Industrial Ordinary share index through 800 again yesterday. The close was 12.1 up at a record 808.1 and other broader-based indices, including the three main FT-Actuaries groups, also attained best-ever levels; the All-share gained 1.1 per cent to 490.81.

Renewed institutional and U.S. buying augmented equity market optimism which had shown signs of reviving late on Thursday. It overflowed from the outset yesterday as mid-week fears about dearer UK credit, aroused by the escalating money supply figures and December's 3.4 per cent jump in raw material prices, were thrust aside.

Professional bear closing accelerated many price rises in markets all too short of stock. Leading issues such as ICI, Glaxo, BOC, Courtaulds and Marks and Spencer were again high on American buying lists. The ebullient tone was later boosted by a batch of favourable economic surveys from brokers and indications that the major clearing banks were adapting similar stances.

Thorn EMI's disappointing interim results—first-half profits were around £5m below expectations—did cause a temporary hiccup ni the advance but with investors scenting further progress after the 3.30 pm close, when business is permitted without penalty for the trading Acount starting on Monday, hte upturn was soon resumed.

Fresh strength did eruot after-hours which left double-figure gains commonplace among 30-share index constituents; Thorn EMI, however, closed a net 22 down on balance at 655p, after falling to 640p immediately after announcement of the mid-term results.

Speculative activity was rife among secondary issues with many bid favourites showing to good advantage. A notable dull feature, however, was last year's high-flier London and Liverpool Trust; yesterday tha shares, after a rocky ride recently, plummeted to 8p on nervous selling before closing 13 down at 11p on the statement about its troubled Telejector division, cancellation of the interim dividend payment and need for further equity funds.

Plagued recently by sterling's continued weakness against the dollar and thoughts of higher UK interest rates, Government stocks staged a good recovery. Investors were a little wary at first, but they gained confidence from a brighter pound later yesterday and became quite enthusiastic following announcement of the latest U.S. industrial production and retail figures.

News at the 3.30 pm close of yet more Government funding in the shape of a £1bn issue of Treasury 10 per cent Convertible 1990, payable £20 on tender, failed to surprise. When trading resumed after the usual 30-minutes recess, quotations edged higher still and longer-dated stocks closed with rises extending to a full-point. The shorts were nearly ¼ higher in places.

Clearers strong

Renewed demand in a market short of stock brought double-figure gains to the major clearing banks. Barclays led the advance with a rise of 25 to 525p, while Lloyds, 535p, Midland, 420p, and NatWest, 675p, all closed with gains of 20. Elsewhere, speculative demand on merger hope helped Clive Discount improve 3 more to 52p and left Smith St Aubyn 4 higher at 51p. Among Hire Purchases, speculative favourites, First National Finance Corporation, returned to favour with a rise of 2½ to 71½p amid revived talk of a U.S. bid.

A reported denial by Continental Corporation that it had been approached for its 24 per cent shareholding in Phoenix initially unsettled the recently buoyant Composite insurer; the shares fell to 435p before rallying sharply on revived hopes of a bid from Allianz to close the day 11 better, and 71 higher on the week, at 458p. Bid speculation also continued in General Accident, which put on 8 more to 468p.

Buildings retained their good form with sentiment buoyed still by recent brokers' favourable circulars. Gains were widespread and often stretched into double figures as stock shortages became apparent. Continued demand lifted RMC 12 more to 414p and Blue Circle 10 to 435p. Redland firmed 5 to 267p and Tarmac rose 12 to 452p. London Brick, up 5 at 138p, continued to draw strength from its strong moves to fend off the Hanson Trust bid: the former's statement on prospects directed attention towards other brickmakers and Ibstock Johnsen rose 8 to 171p and Baggeridge Brick 4 to 128p. News of Hanson Trust's increased bid, worth 150p per share, valuing London Brick at £212m, came well after the market close. London Brick are expected to open on Monday at around 147p.

Renewed demand was forthcoming for Barratt Developments which firmed 4 to 182p, while George Wimpey, under a certain amount of pressure on Thursday, improved the same amount to 141p. Taylor Woodrow advanced 13 to 643p and Marchwiel put on 12 for a two-day gain of 18 to 212p. The ease with which 5¾m shares of the company were placed with institutions on Thursday encouraged support for John Laing A which added 3 to 141p. Elsewhere, Leyland Paint lost the turn to 20½p, but retained a gain on the week of 5 awaiting news of the bid approach. Helical Bar, at 68p, relinquished 7 of the previous day's speculative gain of 15, while Crouch Group shed 4 to 58p following poor interim figures.

Renewed U.S. buying lifted ICI 10 to 648p, after 650p. Allied Colloids attracted fresh support ahead of next Wednesday's half-timer and gained 8 to 343p, while Laporte added the same amount at 364p.

Stores buoyant

Fresh institutional support prompted a lively trade among leading Stores, which closed with gains extending to double figures. Burton advanced 10 to 454p, while Habitat Mothercare rose 14 to 272p, after 274p. Marks and Spencer closed 6 better for a gain on the week of 17 at 235p. Secondary counters participated in the upturn with speculative issues well to the fore. The vice-chairman's denial of recent rumoured share dealings failed to hinder demand for Sumrie Clothes which advanced 10 more to 100p; it was revealed well after the market close that Mr Harvey Michael Ross now controls almost 29.9 per cent of the equity. Menswear chains were wanted with Foster Bros 10 better at 120p. J. Hepworth, continuing to benefit from a broker's recommendation, closed 13 up at 233p. Press comment directed attention towards jewellery shares and H. Samuel A rose 7 to 142p. Ratners, 48p, and James Walker A, 64p, improved 4 and 3 respectively, while Excalibur, aided by "call" option business, hardened the turn to 13p. Henry Wigfall rose a few pence to 155p following the reduced first-half deficit.

Shoe and Leather issues again provided a great deal of speculative excitement. Strong and Fisher, still buoyed by persistent talk of a major deal with Polly Peck, advanced to 218p before settling a net 33 to the good at 193p. Stylo, awaiting developments in the wake of Harris Queensway's stake, closed 32 up at 305p, after 315p; HQ firmed 4 to 322p.

Leading Electricals resisted the general trend, underlying sentiment not being helped by the disappointing interim figures from Thorn EMI. GEC managed a net gain of 2 at 194p, after 190p, but Plessey gave up 3 to 231p. Renewed offerings ahead of the half-year results due shortly left Racal 6 lower at 207p. Elsewhere, Webber Electro Components advanced 15 to 295p on the preliminary results and proposed one-for-one scrip issue, but Multitone Electronics fell 12 to 135p after comment on the interim figures. Acorn Computer were a dull and nervous market at 131p, down 5, pending the outcome of the BBC discussion about a successor to the current Acorn model. Mnemos, a rising market over the last couple of days, advanced 9 further to 44p on tha announcement of a management restructure.

Interest in Engineerings revived and Hawker Siddeley shot up 10 to 386p. GKN edged up 3 to 182p and TI improved 4 to 168p, while recently-dull Vickers spurted 7 to 135p. Buyers also came for selected secondary issues. British Steam gained 8 to 98p and Babcock 6 to 174p. Edbro responded to Press comment with a gain of 10 to 100p, while F. H. Tomkins hardened a couple of pence to 68½p for a similar reason.

Interest in Foods was fairly selective, but buying in a market short of stock lifted Cadbury Schweppes 5 to 126p. Publicity given to a broker's circular helped Brooke Bond to gain the turn to 78p but cautious comment on the interim results left Fitch Lovell 8 off at 169p. Chambers and Fargus attracted fresh speculative support on takeover hopes and added 2 to 38p, a week's gain of 10, while Maynards firmed 5 to 265p, after 270p, on hopes that Mr Lewis E. Cartier would increase the terms of his partial bid for the company following minimal acceptances of his 250p per share offer.

Leading Hotels and Caterers managed modest progress, but Irish hoteliers Ryan provided the sector's best feature, rising 2½ to 9½p following the return to profitability.

Beecham good

A lively business developed in miscellaneous industrial leaders. Beecham, a subdued market of late, came to life with a rise of 13 to 325p on buying ahead on an analysts' meeting, which is expected to take place with the company soon. U.S. demand lifted BOC 9 to 293p and Glaxo 5 to 800. Other noteworthy gains included Reed International, 12 up at 404p, after 410p, and Pilkington Bros., 10 dearer at 250p. Hopes of early news on the proposed merger with Polly Peck left Cornell 33 higher at 280p and Wearwell 5 dearer at 108p. Late demand lifted Fisons 20 to 757p, while Press mention stimulated further support for Hawley Group, which put on 7 to 99p. Publicity given to the success of the aircraft in the U.S. coupled with reports that British Airways BAe-146 may place a £500m order for the proposed A320 airliner directed buying attention to British Aerospace, 12 higher at 246p. UKO International, an old take-over favourite, revived with a rise of 6 to 102p, while Booker McConnell encountered further persistent demand on rumours of a U.S. bid and rose 16 further to 115p. Crosby Woodfield improved 3½ to 14p on a bid approach. Christies International were good at 317p, up 19p, while Wedgwood, partly reflecting its exporting potential following the recent fall in sterling against the U.S. dollar, advanced 12 to 139p. Shilab advanced 10 to 76p on speculative demand, while Ricardo, the subject of a recent New Year tip, rose 6 to 100p. Dealings were temporarily suspended in Bellair, at £12½.

Bid candidate Trident TV A encountered a fresh bout of profit-taking and reacted to 129p before late demand left the close only a penny cheaper on balance at 132p. Elsewhere in the Leisure sector, revived demand lifted Intasun 12 to 175p and Horizon Travel 5 to 170p.

Motor and Aircraft component manufacturers featured Lucas which responded to steady support and rose 8 more to 199p. Dowty, interim results scheduled for next Wednesday, added 5 at 134p, while recovery prospects continued to bolster AE, a couple of pence dearer at 73p. Elsewhere, Group Lotus slumped to 63p on further reflection of the Inland Revenue tax demand but later rallied to close only 2 easier on balance at 68p; British Car Auction, which led last year's rescue operation for Lotus, improved 6 to 125p. Reliant, buoyed last week by news that Mintinex has acquired a 9 per cent stake, attracted buying for the new Account and hardened 4 to 32p.

Properties, easier initially, picked up as buyers showed interest and closed with modest gains. MEPC, dull earlier in the week on the group's fund raising proposal—a £70m Debenture issue—closed 4 dearer at 276p, while Land Securities finished a shade firmer on balance at 275p, after 272p. Hammerson A slipped to 790p on news of a sizeable Canadian acquisition before picking up to close 5 higher on the day at 800p. Peachey attracted occasional support and hardened a couple of pence to 193p.

South African industrials featured Mesina which advanced 60 to 310p on reported country buying.

Textiles made progress across a broad front. Courtaulds continued to benefit from a number of brokers recommendations and added 4 at 134p, while Nottingham Manufacturing advanced 8 to 228p and Coats Patons rose 3½ to 97½p. Carpets International firmed a couple of pence more on further consideration of the disposal of assets to Interface. Speculative favourite Harold Ingram, nervous recently in sympathy with Bellair, responded to fresh demand and closed 28 better at 358p.

Montague Boston Investment Trust rose 6 to 112p following the change in investment policy and proposed scrip issue of the Warrants, unchanged at 31p. Overseas earnings potential again buoyed selected Financials. Mills and Allen attracted late demand and advanced 20 to 415p, while Mercantile House, interim results due in the next Account, closed 13 better for a five-day gain of 29 to 457p.

Saxon Oil advance

The Irish exploration issues and second-line UK stocks provided numerous features in Oils. Saxon Oil jumped a further 12 to 290p, after a year's high of 395p amid persistent takeover rumours and exploration hopes while UK onshore explorers were highlighted by Marinex, 11 firmer at a 1983-84 high of 98p and Carless Capel which put on 7 to 197p. Jackson Exploration continued to attract speculative interest and moved up 13 to 88p. Atlantic Resources initially eased to 650p but encountered revived speculative demand to close a net 40 to the good at 700p, awaiting official news from the company's appraisal well currently being drilled and tested off the coast of Waterford. Among the leading Oils Britoil dipped 7 to 203p, Ultramar 10 to 409p and Shell 3 to 595p.

Buyers continued to show sporadic interest in Overseas Traders. Lonrho were wanted and rose 3 more to 119p; the preliminary results are expected early next month.

Movements among Plantations again favoured holders. Bertam hardened 5 to record a gain on the week of 20 at 150p. Inch Kenneth advanced 18 to 448p.

FINANCIAL TIMES STOCK INDICES

HIGHS AND LOWS

S.E. ACTIVITY

OPTIONS

For rate indications see end of Share Information Service

Call options were taken out in Lofs, Strong and Fisher, Armour Trust, Phoenix Assurance, Excalibur, Combined Technologies, J. and H. B. Jackson, Marlborough Properties, Chamberlain Phipps, Bristol Oil and Minerals, Cornell and London and Liverpool. No puts or doubles were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ended Thursday

RISES AND FALLS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Fri Jan 13 1984 — Thur Jan 12 — Wed Jan 11 — Tues Jan 10 — Mon Jan 9 — Year ago (approx.) — Highs and Lows Index

FIXED INTEREST

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (222)

NEW LOWS (7)

LEADERS AND LAGGARDS

Percentage changes since December 30, 1983, based on Thursday, January 12, 1984.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Lloyds Life Assurance—cont.
Gartmore Funds—Series A

American Jan 10	128.2	187.6	—	—
British Jan 10	135.7	142.9	—	—
Commodity Jan 10	132.6	139.6	—	—
Extra Inc Jan 10	122.1	128.6	—	—
Far Eastern Jan 10	124.3	130.9	—	—
High Inc Jan 10	128.8	135.6	—	—
Income Jan 10	156.9	165.2	—	—
Global Street Jan 10	192.8	203.0	—	—
Special Sits Jan 10	144.8	152.5	—	—
Gilt Jan 10	106.4	112.1	—	—
Japan Jan 10	185.3	195.1	—	—
U. Small Co's Jan 10	134.9	142.0	—	—
Man Gwt Jan 10	161.5	170.0	—	—
Austria Jan 10	121.5	127.9	—	—
Oil and Energ Jan 10	121.3	127.7	—	—
Gold Share Jan 10	75.3	79.3	—	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

"Asset Builder"	66.9	70.9	—	—

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511

Money Mngr Jan 13	63.9	69.0	+1.7	—
MM Flexible Jan 6	53.6	56.5	—	—
Fixed Interest Jan 3	56.5	59.6	—	—

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund	290.0	—	—
Property Fund (A)	281.8	—	—
Agricultural Fund	1,133.3	—	—
Agric. Fund (A)	1,102.9	—	—
Abbey Nat. Fund	231.5	—	—
Abbey Nat. Fd. (A)	230.3	—	—
Investment Fund	149.5	—	—
Investment Fund (A)	147.7	—	—
Equity Fund	441.5	+4.1	—
Equity Fund (A)	433.5	+4.1	—
Money Fund	219.6	+0.3	—
Money Fund (A)	215.6	+0.3	—
Actuarial Fund	221.7	—	—
Gilt-edged Fund	196.2	+1.0	—
Gilt-Edged Fd. (A)	196.2	+1.0	—
Retire Annuity	360.2	—	—
Immed. Ann'ty	191.5	—	—
International Fd	282.1	+0.4	—
Bldg. Soc. Life Fd.	106.6	—	—

Property Growth Pensions & Annuities Ltd.

All Weather Ac. Uts.	258.1	271.7	—	—
Inv. Fd. Uts.		278.4	—	—
Pension Fd. Uts		256.3	—	—
Conv. Pens. Fd.		300.4	—	—
Cnv. Pns. Cap. Ut.		273.0	—	—
Man. Pens. Fd.		351.2	—	—
Man. Pens. Cap. Ut.		271.6	—	—
Prop. Pens. Fd.		286.4	—	—
Prop. Pens. Cap. Uts.		215.3	—	—
Bldg. Soc. Pen. Ut.		261.3	—	—
Bldg. Soc. Cap. Ut.		199.3	—	—
Gilts Pens. Fd.		175.5	+0.7	—
Gilts Pens. Fd. Cap.		152.1	+0.5	—
Equity Pens. Fd.		271.0	+1.0	—

Standard Life Assurance Company
3 George St., Edinburgh EH2 2XZ. 031-225 2552.

Managed	217.5	—
Property	153.8	—
Equity	249.2	—
International	217.1	—
Fixed Interest	173.1	—
Index Linked	98.2	—
Cash	132.4	—
Pension Managed	252.1	—
Pension Property	157.0	—
Pension Equity	303.0	—
Pension Intl.	265.2	—
Pension Fxd. Int.	183.2	—
Pension Index Linked	99.2	—
Pension Cash	150.2	—

Sun Alliance Insurance Group
Sun Alliance House, Horsham. 0403 64141

	Series (2)			(1) Bid
Index Linked Fund	111.0	116.9	+0.1	111.7
Equity Fund	306.6	322.8	+3.7	307.2
Fixed Interest Fund	204.3	215.1	+0.4	204.7
Property Fund	214.4	225.7	—	214.9
International Fd	200.3	210.9	-0.1	200.6
Deposit Fund	145.7	153.4	—	146.0
Managed Fund	252.5	265.8	+1.1	252.9
Int Bon Jan 10	—	—	—	224.48

Series (2) Prices are for policies issued after 11/7/1982.
Series (1) These are bid prices for earlier policies.

Individual Pension Funds

Index Linked	129.1	135.9	+0.1
Equity	156.6	164.9	+2.0
Fixed Int.	168.9	177.8	+0.4
Property	113.6	119.6	—
International	170.4	179.4	-0.2

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Unigilt Trust	44.5	46.4	-0.1	10.6
Unidollar Trust	$26.72	17.89	—	3.3
Unibond Trust	$91.75	92.50	—	10.6

1, Thomas St, Douglas, Isle of Man 0624 2323

Uni-Australian Tst.	88.1	94.8	—
Uni-Aust. Mineral Tst.	73.6	79.2	—
Uni-Pacific Trust	188.1	202.3	—
Uni-International Tst.	77.1	83.0	—

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC* Jan 3	$57.69	61.34	—
COUNT** Jan 3	£3.839	4.072	—
CANRHO** Jan 3	£2.597	2.754	—

Original issue *$10 and **£1. Next val. February

Bridge Management Ltd.
GPO Box 590, Hong Kong

N'bashi Jan 3	Y46,900	47,300	—
Nippon Fd Jan 11	$31.31	32.70	—

Britannia Intl. Investment Mngmt. Ltd
Box 271, Queensway House, Queen Street, St. Helier, Jersey, C.I.

U.S. Dollar Denominated Funds

AmSmallerCos.Fd.	$2.248	2.417	-0.001
Dollar Inc Fd.	$0.604	0.861	+0.002
$ Mngd Curr'cy Fd	$9.16	9.456	+0.01
First Intnl	$20.14	21.23	—
Gold Fund	$0.916	1.006	-0.002
Normandie In $Fdt	$12.62	13.57	—
Universal Grwth Fd	$0.901	0.969	+0.002
World of Tech	$0.895	0.960	-0.002

OFFSHORE AND OVERSEAS

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983-84 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101¼	99½	Exch. 11¼pc 1984	100⅜	+1/16	11.23	8.89
104⅜	100⅞	Exchequer 14pc 1984	101½	+1/16	13.79	9.40
97½	92½	Exch. 3pc 1984	97½	.....	3.07	9.09
102[illegible]	100[illegible]	Treasury 12pc 1984	101[illegible]	+[illegible]	11.81	9.46
107[illegible]	104[illegible]	Treasury 15pc 1985	105¼	+[illegible]	14.25	9.76
107	101[illegible]	Exch. 12pc Cnv. '85	102[illegible]	+⅛	11.71	9.72
94⅛	88½	Treasury 3pc 1985	94⅝	+[illegible]	3.18	7.67
102½	99⅞	Treasury 11½pc 1985	102¼xd	+[illegible]	11.26	9.90
102	95	Treas 8¾pcCnv '85	98[illegible]	+⅛	8.86	9.60
103¾	100¼	Exch. 12¼pc 1985	103¼	+[illegible]	11.87	10.30
102⅞	99[illegible]	Exch. 11¾pc '86	102[illegible]	+[illegible]	11.48	10.44
102¼	97¼	Treas 10pc Cnv 1986	101[illegible]	+[illegible]	9.83	9.10
89[illegible]	85⅝	Treasury 3pc 1986	89⅓	.....	3.37	8.79
101[illegible]	97[illegible]	Exch. 10½pc Cv '86	100[illegible]	+⅓	10.41	10.08
103[illegible]	100[illegible]	Treasury 12pc '86	102[illegible]	+[illegible]	11.67	16.61
98¼	94⅜	Treasury 8½pc '84-86‡‡	98[illegible]	+[illegible]	8.67	9.39
114	103¼	Treas. 12¾pc '86 Cnv.	110	.....	11.44	9.05
109[illegible]	105[illegible]	Exch. 14pc 1986	107[illegible]	+⅛	13.03	18.73
85[illegible]	84½	Exch 2½pc 1986	85½	.....	2.92	6.31
107¼	103⅝	Exch. 13¼pc 1987	106[illegible]xd	+[illegible]	12.46	10.74
100[illegible]	95⅞	Treas 10¼pc Cnv '87	99[illegible]xd	+¼	10.29	10.43
84[illegible]	80¼	Exchequer 2½pc 1987	84⅛	+¼	2.97	3.33
100[illegible]	95⅞	Exch. 10½pc 1987	99[illegible]	+¼	10.55	10.68
93¼	88¼	Funding 6½pc '85-87‡‡	92½	.....	7.36	9.56
[illegible]	96	Treas 10pc 1987	98	+[illegible]	10.20	10.69

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY—Continued

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—continued

Australian

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ¶ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ♯ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ÷ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. H Preference dividend passed or deferred. C Canadian. E Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	73	.....	Fin. 13% 97/02	£96¼	+⅛
Bdg'wtr. Est. 50p	328	.....	Alliance Gas	75	.....
Craig & Rose £1	980	.....	Arnott	210	−2
Finlay Pkg. 5p	44	+4	Carrol Inds.	109xd	.....
Higsons Brew	85	.....	Concrete Prods.	92	.....
Holt (Jos) 25p	890	.....	Hall (R. & H.)	60	.....
I.O.M. Stm. £1	127	.....	Heiton Hldgs.	10	+1
			Irish Ropes	40	.....
IRISH			Jacob (W. & R.)	65	.....
Exch. 12% 1985	£99¼	+⅛	T.M.G.	85	—
Nat 9¾% 84/89	£85⅝xd	+⅛	Unidare	77	.....

OPTIONS

3-month Call Rates

Industrials		House of Fraser	21	Vickers	12
Allied Lyons	23	I.C.I.	45	Woolworth Hld.	35
BOC Grp.	20	"Imps"	12		
B.S.R.	18	I.C.L.	6	**Property**	
Babcock	15	Ladbroke	21	Brit. Land	9
Barclays Bank	45	Legal & Gen.	45	Cap. Counties	15
Beecham	28	Lex Service	35	Land Sec.	34
Blue Circle	40	Lloyds Bank	58	MEPC	24
Boots	17	"Lofs"	3	Peachey	17
Bowaters	22	London Brick	10	Samuel Props.	12
Brit. Aerospace	19	Lucas Inds.	16	Sterling Guar.	4
B.A.T.	24	"Mams"	12		
Brown (J.)	3	Mrks. & Spncr	20	**Oils**	
Burton Ord.	38	Midland Bank	42	Bristol Oil & Min.	6
Cadburys	11	N.E.I.	10	Brit. Petroleum	55
Courtaulds	11	Nat. West. Bank	55	Burmah Oil	16
Debenhams	14	P & O Dfd.	22	Charterhall	8
Distillers	20	Plessey	28	Premier	5
Dunlop	5	Racal Elect.	18	Shell	50
Eagle Star	60	R.H.M.	7	Tricentrol	20
F.N.F.C.	6½	Rank Org. Ord.	19	Ultramar	60
Gen. Accident	42	Reed Intnl.	54		
Gen. Electric	17	Sears	8		
Glaxo	75	T.I.	14		
Grand Met.	38	Tesco	16	**Mines**	
G.U.S. 'A'	55	Thorn EMI	55	Charter Cons.	22
Guardian	45	Trusthouse	16	Cons. Gold	50
G.K.N.	16	Turner & Newall	8	Lonrho	8
Hawker Sidd	32	Unilever	75	Rio T. Zinc	58

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FINANCIAL TIMES

Saturday January 14 1984

MAN IN THE NEWS

Astute Arab power broker

BY PATRICK COCKBURN

OVER THE past six months President Hafez al-Assad of Syria has emerged as the single most important Arab leader. His policies and views are critical to the future of Lebanon, the Middle East and even the U.S. Presidential race. It is not surprising that his recent disappearance into hospital should have provoked such obsessive interest among politicians and diplomats throughout the region.

Perhaps the single most important error of Washington and the Lebanese Government over the past 18 months has been to underestimate President Assad's astuteness and capacity to outmanoeuvre his enemies in Lebanon and elsewhere.

Syria's significance now appears better appreciated in Washington. Mr Donald Rumsfeld, President Reagan's special envoy had a meeting with President Assad yesterday. The risk of confrontation between the U.S. and Syria has somewhat diminished since the moment when two American bombers were shot down when raiding Syrian anti-aircraft positions at the beginning of last month.

Syria has clearly come a long way since the moment in 1981 when the Israeli army rolled into Lebanon and Syria agreed to a ceasefire after a few days' fighting. By using surrogates in Lebanon such as the Druze and Shiah, attempts by Israel and the Lebanese Government to exclude Syria from decisions on the future of the region appear to have failed.

This is mostly President Assad's doing. In power since 1970 he has always been in total control of all aspects of Syrian policy. An air force officer, a member of the minority Alawi

President Assad of Syria

Moslem sect and of Syria's ruling Baath party he heads all the ruling institutions in Syria and is prepared to wield power with complete ruthlessness. Between 1978 and 1982 the Moslem Brotherhood was mercilessly crushed.

What makes President Assad so formidable is less the iron quality of his rule than its combination with an astute sense of strategic and military realities and patience in pursuing long-term policies.

He has always sought to avoid an all-out conflict with Israel except on Syria's terms. The peace treaty between Israel and Egypt means that President Assad knows that he is strategically inferior to the Israelis. A key reason for his confidence in Lebanon in the last year is his belief that ultimately neither the U.S. nor Israel wants an all-out war with Damascus. If this is ruled out then Syria is in a position to return to its old position as the predominant power in Lebanon.

Rumours of President Assad's death or permanent incapacity in November led to rejoicing in such diverse quarters as Israel, Iraq and forces loyal to the leadership of Mr Yassir Arafat battling Syrian-backed Palestinian rebels. In the event they have been disappointed and once again the Syrian leader has returned to his position as the Arab World's most significant power broker.

The problem for Syria is that it is so dependent on the astuteness of President Assad himself. His narrowly based regime has difficulty in converting his political victories into long term gains or creating institutions to consolidate his Government in power. Like Bismark's Germany, Syrian success is bound up with the survival of one man.

Tele-Jector problems hit London & Liverpool Trust

BY CHARLES BATCHELOR

THE PROBLEMS of Tele-Jector, which has 2,000 big-screen television sets installed in pubs and clubs, threaten to drag down London & Liverpool Trust, its parent company, it emerged yesterday.

The trust is cancelling its 0.75p interim dividend, which was due to be paid on Tuesday, and discussing a possible financial reconstruction.

London & Liverpool, which announced heavy staff cuts at Tele-Jector last week, said it hoped to put the division into liquidation.

London & Liverpool's shares more than halved in value on the Stock Exchange yesterday. They finished 13p down at 11p, putting a market value on the company of just £513,000.

The trust's shares hit a high of 350p at the beginning of 1983.

The Tele-Jector division is in severe financial difficulties and the group as a whole faces debts of around £18m, London & Liverpool warned.

Eighty per cent of group turnover comes from the distribution of photocopiers, computers and other business machines, while Tele-Jector accounts for the other 20 per cent.

The group, which will save £300,000 by omitting its interim dividend, is discussing financial restructuring with Hill Samuel, its merchant bank adviser, said Mr Astley Whittall, London and Liverpool's chairman of the past eight weeks. The restructuring may involve a rights issue or an injection of outside capital.

This will require agreement of a significant number of the seven finance houses which have backed the Tele-Jector leases to pub and club landlords.

London & Liverpool seeks to cancel the guarantees it provided to the finance houses to cover their exposure.

Tele-Jector shot to prominence last March when it bid £6m to secure exclusive screening rights of Football League matches on its television screens in pubs.

BBC and ITV made a successful counterbid, and Tele-Jector withdrew when it became apparent that not all the 92 League clubs would participate if the company won the contract.

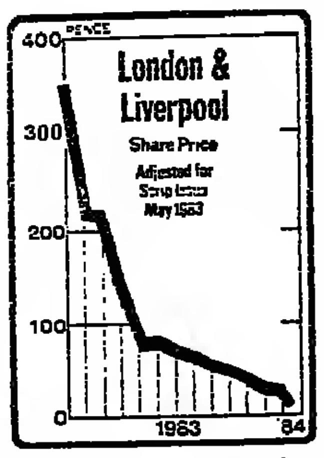
Mr Jeffrey Bonas, London & Liverpool's chief executive and the man behind the television venture, resigned last month.

Mr Whittall said: "There has been no dramatic change in Tele-Jector's situation in the past week, but we were faced with rumours and a fluctuating share price which forced us to make this announcement.

"The talks with the finance houses are going fairly well and should be concluded by the end of the month."

London & Liverpool said last week that it would maintain the installed television sets and continue supplying video cassettes, although it was halting sales and development work with the loss of 140 jobs.

It would be up to the liquidator to maintain this service if the Tele-Jector division were shut, Mr Whittall said.



Co-op Bank and unions in joint venture

BY JOHN LLOYD, INDUSTRIAL EDITOR

A NEW banking institution, the Unity Trust, will open for business in the City next week.

Unity Trust is a joint venture between major unions and the Co-operative Bank. It will begin as a deposit-taking institution and, it is hoped, grow to the status of a bank, offering the full range of services including customer services in high-street premises.

It will operate from a restored City house in Carlisle Avenue, behind Fenchurch Street station. The president will be Mr David Basnett, general secretary of the General Municipal and Boilermakers Union, chairman of the TUC economic committee and of Trade Unions for a Labour Victory, and the senior member of the TUC general council.

The trust's general manager will be Mr Terry Thomas, formerly joint general manager of the Co-operative Bank. The 15-strong board will have eight Co-op nominees—the Bank of England has specified that the Co-op must have ultimate control of the trust. The others will be union nominees, probably including Mr Moss Evans, general secretary of the Transport and General Workers' Union, and Mr John Daly, general secretary of the National and Local Government Officers' Association.

About 30 unions with at least 7m members have agreed to subscribe 50 per cent of the £2.5m launch capital. The Co-op is supplying the other half.

The founders of the bank realise that most early investors will be unions, which will be unlikely to switch all their funds to the new bank. However, the trust also hopes to attract deposits from Labour local authorities, from other Co-operative institutions and from industry.

The aim of the venture, apart from development into a bank, will be to assist British industry through investment—especially in new projects. However, its backers stress that this must be consistent with the need to trade profitably and to grow.

The trust will test, in at least a small way, the viability of the unions' consistent call for more investment in UK industry and for domestic rather than overseas investment. It comes at a time when the TUC has pushed for pension funds, especially those with union nominees on their boards, to take the needs of British companies more into account when approving investment.

Backers point to the success of the West German Bank for Gemeinwirtschaft and the Israeli Bank Hapoalim — both owned by unions — as precedents for successful development.

Fears grow for Nissan car plan

BY JOHN LLOYD AND KENNETH GOODING

SOME UK ministers fear that the Nissan car assembly plant planned to be established in Britain may never materialise, in spite of optimistic statements from the company.

The latest came from Mr Takashi Ishihara, the Nissan company president in Tokyo yesterday.

He said Nissan bad still failed to reach agreement on the British project with its union. "But we will earnestly continue these discussions and I believe we will beable to reach a basic agreement and make a formal announcement before long."

Ministers interpret the constant delays by Nissan as indicating inability to achieve consensus about the investment.

This is exacerbated, the ministers believe, by fears on Nissan's side that it will be unable to achieve a sufficient output volume from the UK plant and that there might be difficulties over component supplies.

Negotiations between the Department of Trade and Industry and Nissan officials were concluded towards the end of last year. Since then, no indications through official or unofficial channels have been received from Nissan and this is seen as a pessimistic sign.

Nissan is also likely to be embarrassed by the reopening of the debate within the UK motor industry on whether such a plant would bring any benefits.

Mr Jeffrey Wilkinson, chairman of the Independent Original Equipment Manufacturers' section of the Society of Motor Manufacturers and Traders, said yesterday that unless Nissan produced cars with an 80 per cent European content (at ex-works value) there would be a net loss of jobs in the British motor industry.

Apart from pressing the Government to insist on the 80 per cent local content level, component makers have said Nissan would be welcome only if it used proving and testing facilities for components in Britain, to put UK suppliers on an equal footing with their Japanese rivals.

Yesterday, the white collar engineering union TASS condemned the "Government's plan to offer Nissan a bribe of £100m to manufacture in Britain."

When Nissan first announced it would begin a feasibility study, in January 1981, it suggested that up to 5,000 jobs would be created at the plant which it wanted to start production at the end of 1984.

If the project goes ahead, it is now widely expected that it will be on a much smaller scale

UK rejoins the gold producers

By Carla Rapoport

BRITAIN is rejoining the ranks of the world's gold producers, with perhaps six small gold mines expected to be in commercial production within the next two years.

One in north-west Wales, is already producing gold. Carnarvon Mining, operator of the mine, plans to seek a share listing on London's Unlisted Securities Market this summer.

It will market the first public flotation of a British gold mine company in more than 80 years and the first gold mining operation of any significance in the UK since the early part of the century.

Carnarvon Mining operates the Clogau St Davids mine near Barmouth which produced the gold nugget used to make the Princess of Wales's wedding ring.

This year Carnarvon expects to produce some 300 ounces of gold worth about £1.55m.

Carnarvon is owned by the Great Victoria Gold Company and the Magnet Group both of Australia, 25 per cent each. British Empire and General Securities, 10 per cent, and individuals.

Mr Alan Grierson, the Crown Estate mineral agent who grants leases to mining companies, says various companies are looking for gold in the UK, mainly in Scotland and Wales. They range from British Petroleum and other large multinationals to small operations such as Carnarvon. It is understood that Consolidated Goldfields, the international mining group, is looking for gold in the UK.

Carnarvon's USM listing is expected to be handled by Sheppards and Chase, the London stockbrokers.

Seeking a golden welcome, Page 3

U.S. credit markets

Continued from Page 1

will do little to help the White House grapple with its biggest immediate challenge on the economic front, namely what political decisions to take to try to demonstrate in the President's forthcoming budget message to Congress that the Administration is serious about tackling the budget deficits of about $170bn-$190bn (£122bn-£136bn) expected over the next few years.

Philip Stephens writes: The dollar closed in London at DM 2.8125, a loss of 2.5 pfennigs on the day, while sterling climbed to $1.4080, a rise of one cent from Thursday's close.

Foreign exchange dealers said the lower-than-expected rise in U.S. retail sales in December, in particular, had prompted heavy selling of the dollar in active trading.

Many dollar buyers have been pinning their hopes on the U.S. economy continuing to expand rapidly, which in turn could put upward pressure on interest rates.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas 9½pcCv '88..£97¼	+	¼
Treas 13¼pc 04-08..£131¾	+	⅜
Cov 3½pc '61 Aft..£44¼	+	½
BOC	293 +	9
Beecham	335 +	13
Brit Aerospace	246 +	12
Cadbury Schweppes	126 +	5
Coroell	280 +	32
Hawley	99 +	7
ICI	648 +	10
Loodoo Brick	138 +	5
Lucas Inds	255 +	8
Marchwiel	212 +	12
Memos	44 +	9
Shiloh	76 +	10
Strong and Fisher	193 +	33
Stylo	305 +	30
Sumrie Clothes	100 +	10
Vickers	135 +	7
Webber Elect Cmps	295 +	15
Wedgwood	139 +	12
Jackson Expl'n	88 +	13
Marinex Petroleum	98 +	11
Saxon Oil	290 +	12
Charter Cons	262 +	7
De Beers Dfd	580 +	23
RTZ	660 +	28

FALLS

Fitch Lovell	169 −	8
Racal Elects	207 −	6
Thorn EMI	652 −	25

WORLDWIDE WEATHER

UK today: Generally cold with gale-force winds. Outbreaks of rain.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	12	54	Corfu	S	14	57	Luxmbg.	R	4	39	Peking	S	4	39
Algiers	S	16	61	Dallas	—			Madeira	C	17	63	Perth	—		
Amsdm.	R	11	52	Dublin	S	12	54	Madrid	F	8	46	Prague	C	3	36
Athens	C	10	50	Dbrvnk.	S	8	46	Majorca	F	14	57	Rykjvk.	Sn	−9	16
Bahrain	S	19	66	Edngh.	S	8	46	Malaga	S	17	63	Rhodes	F	13	55
Barclna.	S	12	54	Faro	S	13	55	Malta	S	12	54	Rio J'o	—		
Beirut	C	16	61	Florence	S	9	48	M'chstr.	C	7	45	Rome	S	8	46
Belfast	F	3	37	Frankft.	Sl	3	37	Melbne.	C	26	79	Salzbrg.	S	4	39
Belgrd.	C	−1	30	Geneva	Sl	1	34	Mx. C.	—			S Frisco†	S	8	46
Berlin	R	4	39	Gibraltar	—			Miami†	F	14	57	Singapr.	—		
Biarritz	S	13	55	Glasgow	F	5	41	Milan	S	4	39	S'tiago	—		
Bmghm.	R	9	48	G'nsey	R	12	54	Montrl.†	C	−4	20	Stckhm.	C	2	36
Blackpl.	R	8	46	Helsinki	C	2	36	Moscow	C	−2	28	Strasbg.	R	4	39
Bombay	—			H. Kong	S	20	68	Munich	F	2	36	Sydney	C	23	73
Bordx.	R	12	54	Innsbrk.	S	−2	28	Nairobi	S	24	75	Tangier	—		
Boulgn.	R	10	50	Invrnss.	F	1	34	Naples	S	13	55	Tel Aviv	C	15	61
Bristol	R	10	50	I.o.Man	C	4	39	Nassau	—			Tenerife	C	20	68
Brussels	R	10	50	Istanbul	R	8	43	Ncwstl.	Sl	5	41	Tokyo	S	8	46
Budpst.	C	−1	30	Jersey	C	11	52	N Delhi	S	18	64	Toronto†	C	−7	19
Cairo	S	17	63	Jo'burg	F	24	75	N Yrk†	Sn	−5	21	Tunis	C	12	54
Cardiff	F	9	48	L. Plms.	C	19	66	Nice	S	13	55	Valencia	S	13	55
Cape T.	S	28	84	Lisbon	S	17	63	Nicosia	F	16	61	Venice	S	8	46
Chicg.†	Sn	−7	19	Locarno	S	8	46	Oporto	C	12	54	Vienna	S	−1	30
Cologne	C	5	43	London	C	12	54	Oslo	Sn	0	32	Warsaw	S	−1	30
Cpnhgn.	Sl	3	37	L. Ang.†	F	12	54	Paris	R	11	52	Zurich	C	2	36

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures.

Continued from Page 1

Nigeria

cessful, he said, "we will first see how we can manage the resources we have, before we decide on breaking the club we feel so committed to."

In a review of other major policy issues, Gen Buhari gave his first public commitment to Nigeria's proposed $6.6bn liquefied natural gas export scheme, and promised a revised government budget by May. The military coup came two days after former President Shagari had presented his 1984 budget.

Setting out economic priorities, Gen Buhari said the Government would "resuscitate" industry by bringing in raw materials "as fast as we can."

The Government was arranging to bring in essential commodities, including foodstuffs, he said, but he warned his countrymen against overly high expectations. "We have no magic wand. It took the politicians four years to destroy the economy and it may take us at least 18 months before the general public starts seeing the light."

Politicians and officials of the ousted administration including former President Shagari, who are in custody, will be prosecuted if there is sufficient evidence of wrongdoing or corruption.

"But we are not going to carry out a witch-hunt as a diversion to the national programme," Gen Buhari said.

Continued from Page 1

Equities

fairly well received. The 10 per cent Exchequer 1989 was exhausted on January 5.

Gilt prices rose by up to ⅞ at the short end of the market and a full point for long-dated stocks, as the market recovered from the unsettling effect of this week's money supply figures.

The authorities stressed that the new trap is part of the Government's regular funding of the public sector borrowing requirement and not a response to the money-supply figures.

There is suspicion in the City, however, that the Government is over-funding to keep the monetary aggregates within target.

City analysts put net Government debt sales in banking January at £700m ? £750m so far.

THE LEX COLUMN

A twinkle in the bull's eye

The equity market has closed the account boasting a fistful of records. After a 12.1 point rise yesterday the FT 30 Share Index is cruising well clear of the 800 level, while the All-Share is nudging up towards 500. Perhaps the most revealing statistic of all, however, is the yield on the FT-A Industrial Group, which has dipped below 4 per cent for the first time in a decade.

Any investor with a respectable memory will recall that, by early 1975, yields had raced up to almost 13 per cent but, in the present climate, prophets of disaster are few and far between. Certainly, the prospects of real dividend growth look solid enough to justify a relatively wide yield gap between equities and gilt-edged.

There is no doubt which class of investment has found greater favour so far this year. U.S. investors have again been joining cash-rich London institutions in their search for the equity bargains of 1984. Some fund managers could even be heard this week openly expressing the hope that rights issue activity is stepped up.

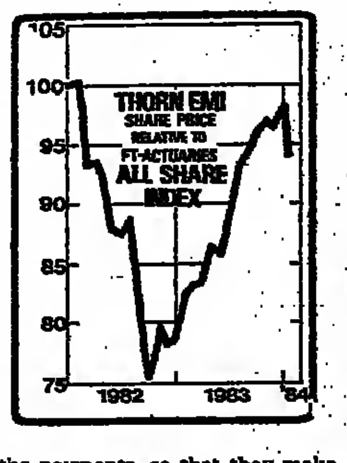
An encouraging feature of the present phase of the bull market is that the bulk of the business is being done by the big institutions, which are placing substantial blue chip orders through the leading brokers. The support being given to equities by vague bid chatter seems, by comparison, of peripheral significance.

Hanson Trust obliged the bid-mongers yesterday with a typical Friday evening announcement of a higher offer for London Brick. Hanson, it seems, is so impressed with the profit forecast of its target that it has generously agreed to pay more. The fact that it stood not a chance of winning the company at its earlier price seems scarcely to have entered the company's thinking.

Yesterday, however, the gilt-edged market was able to join in the fun, thanks largely to a set of producer price figures from the U.S. which suggested that the pace of economic recovery is still slackening. The gilt-pitches were well prepared for the Government Broker's announcement of a new tap, which looks generously priced at the minimum tender level.

The convertible stock should prove attractive in its shorter-dated form to the building societies which are still attracting deposits in style, to judge from yesterday's inflow figures, while the conversion stock should help to relieve some of the growing stock shortage at the long end of the market. The authorities, meanwhile, have shrewdly timed the payments, so that they make some contribution to the current banking month but will be of greater help in February and March, when there are no calls outstanding.

Index rose 12.1 to 808.1



London & Liverpool

While most share sectors were up in lights, though, there was a oasty scurrying sound from some of the market's less well-lit corners. The latest 25p jump in the price of Bellair Cosmetics, for example, appears to have left its minority shareholders as much in the dark as ever: given the company's continuing refusal to offer any explanation of its rapid rise to fame, the Stock Exchange's decision to suspend the shares came not a moment too soon.

Indeed, it arrived a little late in the circumstances, since London and Liverpool Trust's shares had collapsed earlier in the afternoon—not the kind of coincidental timing to endear the Exchange to an ageing bull market.

London and Liverpool's predicament did not take the market wholly by surprise. But it does suggest how much the purpose of the interim financial statement can be negated by the omission of even the most canty information on a company's balance sheet.

When LLT last exposed its balance sheet to public view, for the year ended 31st March 1983, it reported contingent liabilities of £9.1m. These related to sales made by its ill-fated pub video operation, where equipment and associated lease revenues had been sold to outside financing companies on the basis of some recourse arrangement if things went astray. Profits of £2.86m on these sales were quite properly deferred.

When, however, things did begin to go badly astray, LLT evidently turned more and more to its own in-house leasing subsidiary to replace the third parties. The subsidiary's long term debt, hidden deep in the footnotes to last year's accounts, was £1.6m.

But LLT's activities since last March have apparently bumped this up to £6m, with liabilities of another £3m linked in some way as yet unexplained and the contingent liabilities of another £3m linked in some way as yet unexplained and the contingent liabilities now on red alert. The £18m or so total compares with shareholders' capital and reserves last reported at £6.3m.

LLT's shareholders might not have reacted to this gathering discrepancy any quicker than its bankers, but they ought to have had the opportunity to do so.

Thorn EMI

Thorn EMI must find the ways of the City strange indeed. Two years ago, it produced an impressive set of interim figures which were followed by a year of dismal share price under-performance. When this time last year the group unveiled a disappointing drop in profits, the shares bounded back up again. It was only to be expected therefore that yesterday's news of doubled pre-tax profits in the six months to September should be greeted with scorn. The share price duly dropped 25p to 652p.

The recovery in the company's fortunes has roughly mirrored the surge in consumer spending. Thorn has easily compensated for the pressure on VCR and television margins through higher unit volumes, while the smaller domestic appliances sold well throughout last year. Among the laggards of the economic cycle, however, there is precious little to shout about. Losses from general engineering are probably mounting and the lighting division is awaiting a resurgence in orders from the capital goods industry.

Yet Thorn is also showing an aptitude for making its own luck. Imaginative rental packages have helped to boost Rumbelows' market share, particularly in televisions, and determined action has at last stemmed the losses in the film division. With all the evidence pointing to an excellent Christmas, the group should climb to £160m for the full year, even after a £30m rise in the total depreciation charge. On the stated tax charge, that leaves the shares on a prospective multiple of just over 14 times.